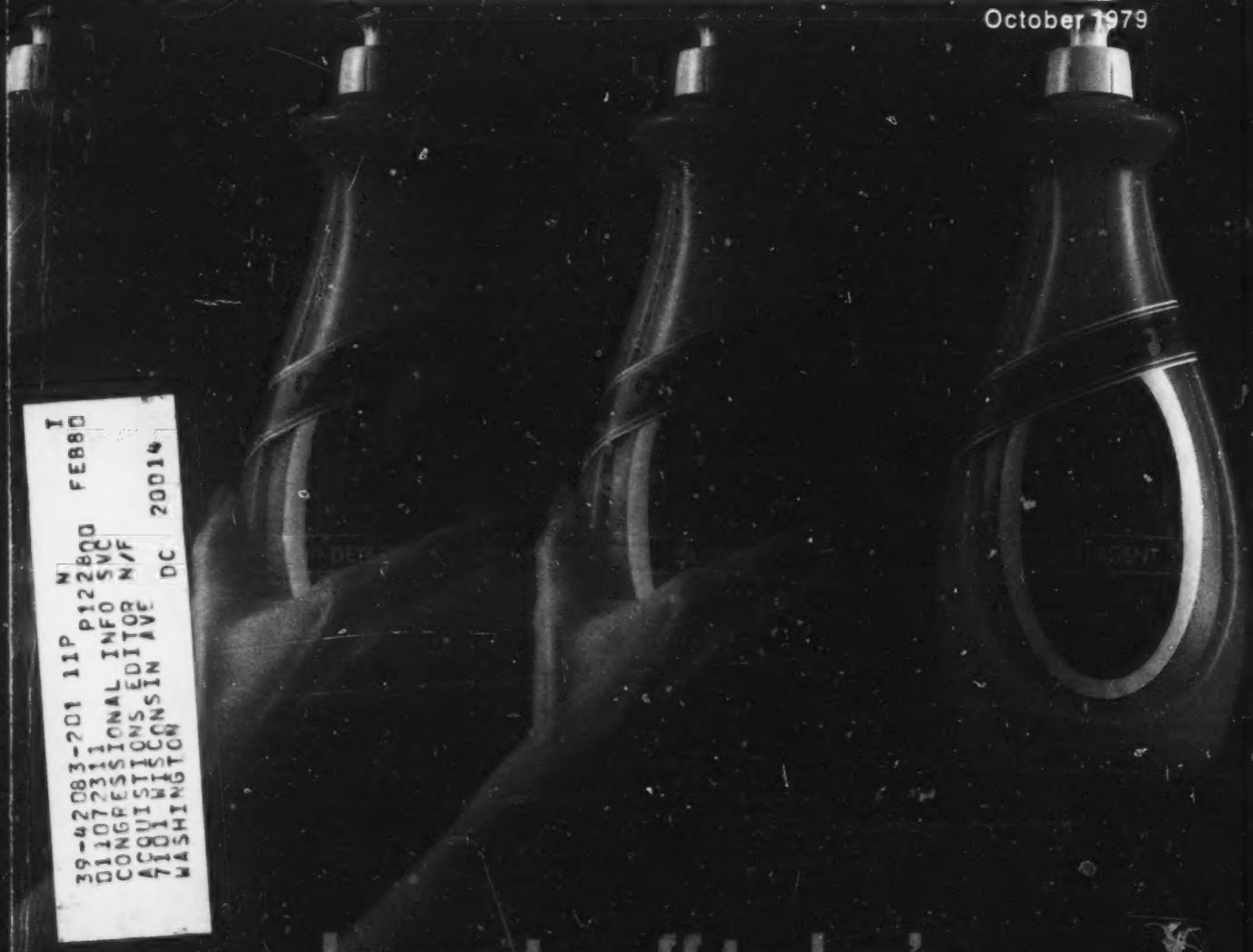
Who's to blame for rising food prices?
Why food stores do better the second time around

Chain Store Age Supermarkets

THE NEWSMAGAZINE FOR CORPORATE CHAINS, CO-OPS & VOLUNTARIES

October 1979



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Is cents-off today's big consumer grabber?

44th annual Nielsen Review of retail grocery trends

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Chain Store Age
Supermarkets

81 **44th Annual Nielsen Review**
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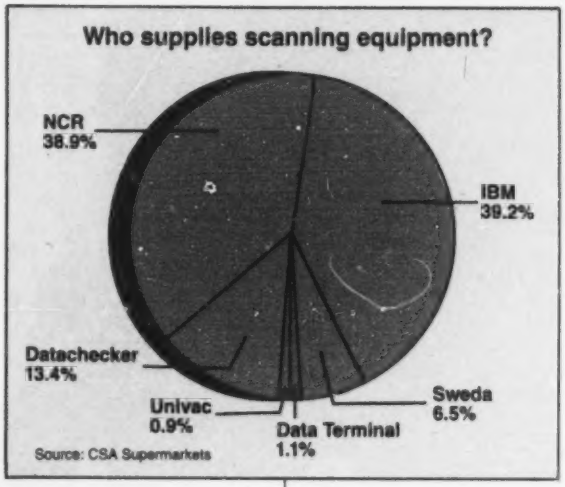


Scanners pass 1,000 milestone

A net gain of 72 systems—74 installed and two removed—pushed the total number of supermarkets with scanner-assisted checkout to 1,025 as of Aug. 1, 1979.

IBM led all other vendors in installations during July. As a result, IBM has again wrested the leadership in total number of systems from NCR, though only by the narrowest of margins.

Kroger, which continues to install both Datachecker and IBM scanners in its stores, was the most active chain in July, turning the key on seven scanner stores. Also among the most active were Delchamps, Publix, Winn-Dixie and Alpha-Beta.

Southland 'busts' rolling papers

Once a tool of leathery cowboys who rolled their own smokes with one hand, the cigarette paper has passed in recent years into the province of a different kind of smoker—and convenience store giant Southland isn't happy.

The Dallas-based corporation is so unhappy, in fact, that it banned rolling papers Oct. 1 from its 4,056 company-operated 7-Eleven stores and advised franchise holders of another 2,543 7-Elevens to do the same.

"We've stocked cigarette papers for many years, and they remain legal, but the main use for cigarette papers has changed," a company spokesman says. "As a

neighborhood store, we don't want to lend credibility to the use of marijuana and illegal drugs."

The spokesman was uncertain what, if any, effect the decision will have on sales figures. In 1978, tobacco products in general accounted for 12.9% of 7-Eleven sales.

Put a lid on it

"Can it," an Albertson's in Boise is telling shoppers—and the shoppers love it.

The brassy, impertinent command is spelled out on a large sign hanging over a produce end surrounded by cases of peaches and two overhead straw baskets filled with home-canning products.

To finish smoothing over any ruffled feathers, the small print on the sign fills out the story with praise-winning produce and canning-supply prices.

Yellow wrap saves green at FedMart

Shoppers at FedMart supers save up to 40% over national brands in the chain's new "Bright Yellow Wrap" generics program—but limited-assortment stores still offer greater price savings in many areas, an informal survey shows.

Then again, there is little direct competition between the 70 giant FedMart stores and the scores of tiny box stores.

The San Diego, Calif.-based chain threw its hat into the generics ring in July, unveiling some 40 food and household products packaged in bright yellow containers with black printing. Officials promise high quality ("For example, the canned vegetables may not be exactly uniform in size and color, but they will be uniformly good and nutritious," says Edward Maron, executive vice president of food and sundries merchandising); they back the promise with an unconditional money-back guarantee printed on every item.

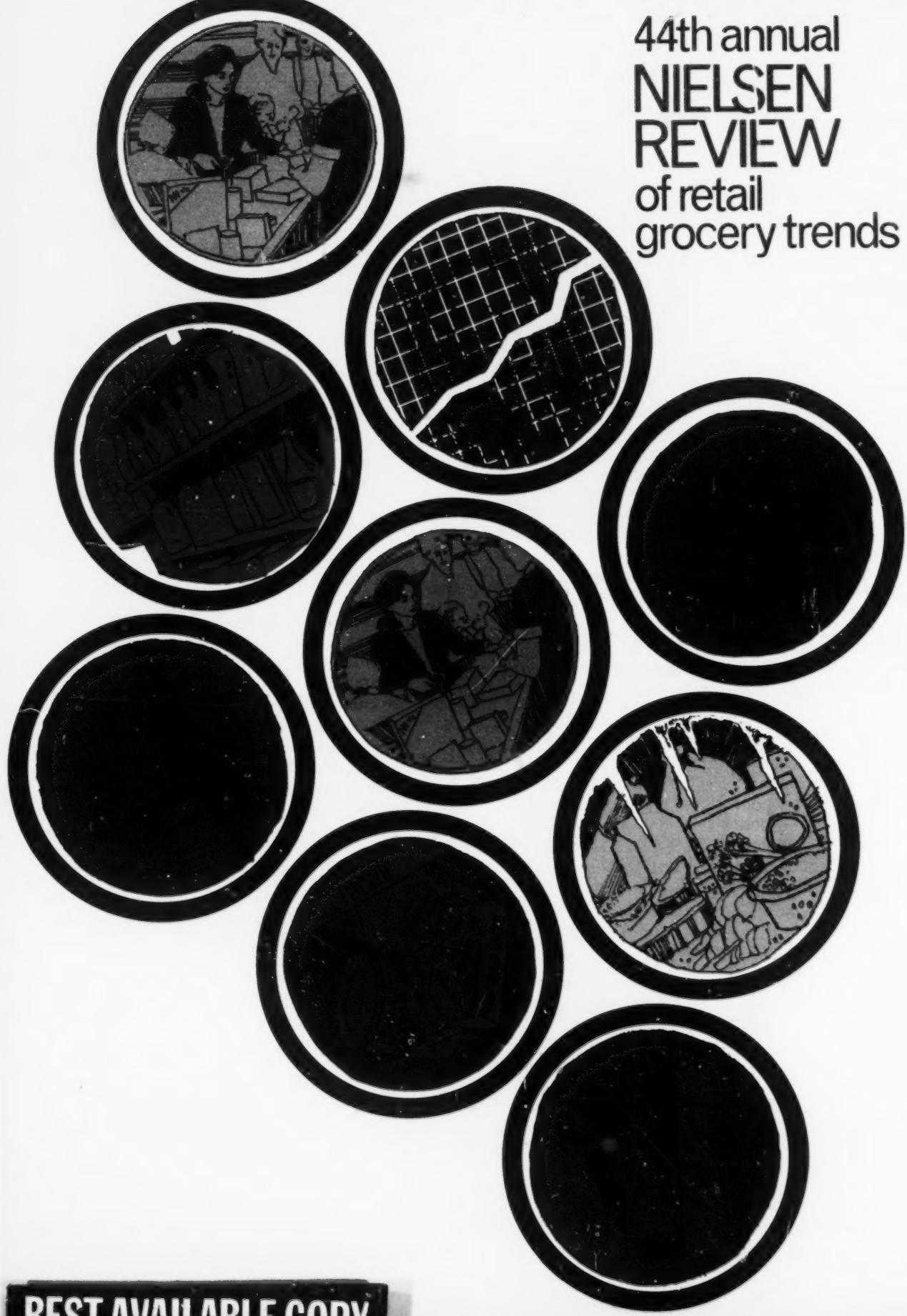
FedMart stores display the "Bright Yellow Wrap" products together in a special section marked off with colorful signs.

Comparison shopping

Item	Bright yellow wrap	FedMart brand	Nat'l brand	PLUS	Jewel-T
Tea bags, 100-ct.	$1.39	N.A.	$2.25	$0.99	$1.09
Tomato sauce, 15 oz.	$0.26	0.28	0.17	0.29	0.29
Vegetable oil, 48 oz.	1.39	1.86	2.30	1.39	1.69
Potato chips, 8 oz.	0.65	N.A.	0.95	0.59	0.63
Conc. fabric softener, 64 oz.	0.79	0.97	2.80	0.89	0.79
Liquid dish detergent, 32 oz.	0.49	0.79	1.41	0.43	0.49

*** Prices were in effect during midsummer. First three prices were in effect at FedMart stores.**

Source: CSA Research



44th annual NIELSEN REVIEW of retail grocery trends

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To our friends in the retail grocery industry:

Ever since 1936 we have used this publication as a means for saying an additional "thanks" for the continuing cooperation we have received from literally thousands of retail grocery organizations.

Our current issue, the 44th, provides a review of retail grocery trends, some of the economic factors that directly influence grocery sales and new product introductions. Also included are chapters on health and beauty aids, frozen and refrigerated foods, promotions and a special study on product and package performance from the consumers' point of view.

We hope all of our readers will find topics of value and of interest. We also wish to thank *Chain Store Age* for their cooperation in assembling this review.

A. C. Nielsen Jr.

A. C. Nielsen Jr.
Chairman of the Board
A. C. Nielsen Company

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retail grocery trends

Grocery Sales Exceed Forecast

In last year's Nielsen Review, we noted that if current sales increases of +11% were to continue for the entire year, sales of grocery products should top $160 billion "with something to spare." The something to spare turned out to be about four billion dollars as grocery sales for 1978 totaled $163.99 billion (Chart 1). Large independents posted the largest gain, up 12%, and moved up to a share of 23.9%. Chains gained one-tenth of a point to an even 62.0% share with the entire loss coming from the "remaining" group of stores.

(Because of a reclassification of Nielsen sample stores, it was impossible to show trend information for the April-May period for large independents. From now on, the large independent group will include only independents with an annual volume of one million dollars or more.)

A reliable indication of the actual increase

Chart 1

in product movement (versus simply inflated prices) can be gained from Chart 2. This chart provides both dollar and tonnage trends for a representative group of 75 commodities Nielsen has been tracking for many years. When dollar gains were compared against those of tonnage, it became apparent that the actual increase in the volume of products sold during 1978 was much closer to 2% than it was the +11% dollar gain noted in Chart 1.

Regardless of inflation and the economy's well-publicized drift toward a possible recession, the demand by consumers for the lower-priced, controlled or private label products (including generics) has remained essentially flat from 1976 through 1978. The latest April-May figures for 1979 (Chart 3), however, indicated a share increase of just over one and one-half points for these brands—fractionally above the 26.7% share recorded in 1973. This is the first increase of

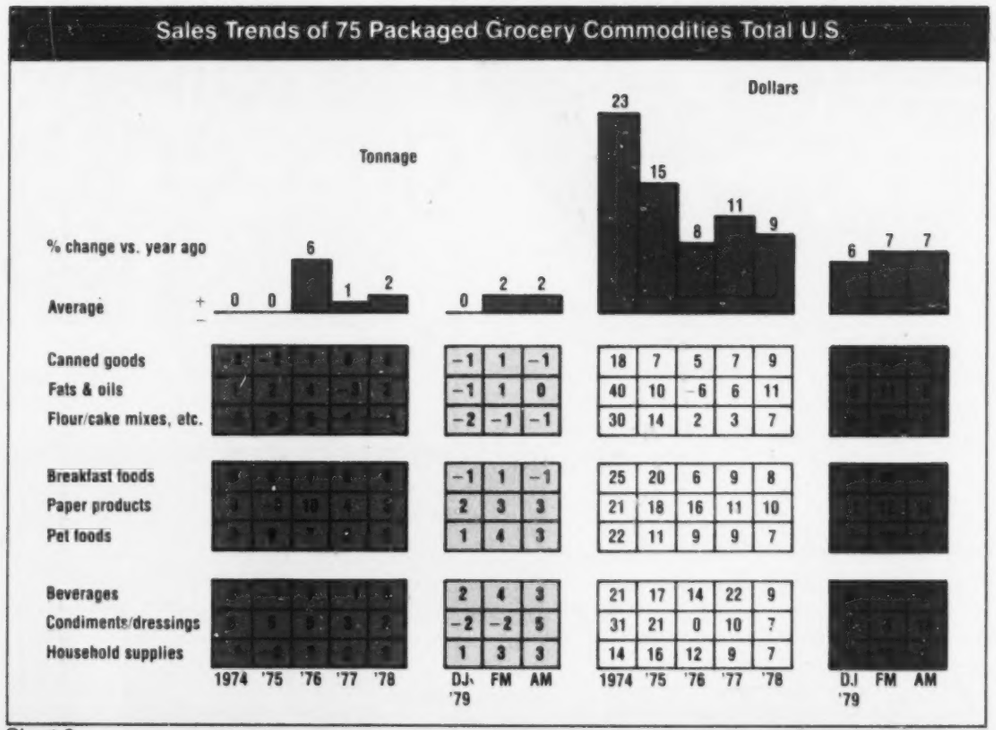


Chart 2

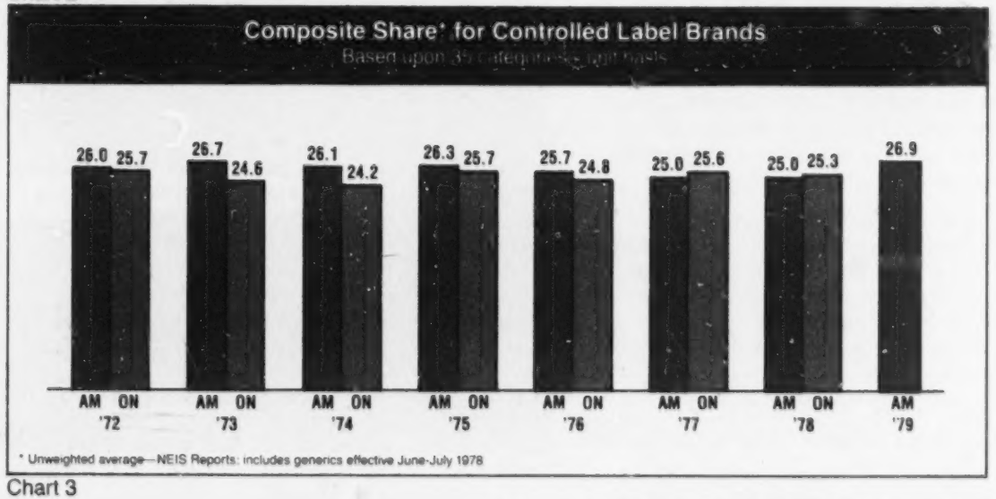


Chart 3

importance for this segment in the past five years and may prove to be more than a "one-time" thing.

Food Away From Home

The increase in real growth for food away from home (Chart 4) was up only 1% in 1978, versus the 2% gain in tonnage growth for the 75 commodities group. And sales for the latest period were 3% below a year ago, a substantially weaker showing than for the food-at-home sales based on tonnage.

By restaurant type, the fast food restaurants and cafeterias both recorded 2% increases in 1978, but the "drinking places" were down 6% (Chart 5). Drinking places have continued to exhibit a weak trend during the first half of 1979, but not much weaker than fast food. In fact, sales in fast food restaurants during the April-May period were 8% below a year ago.

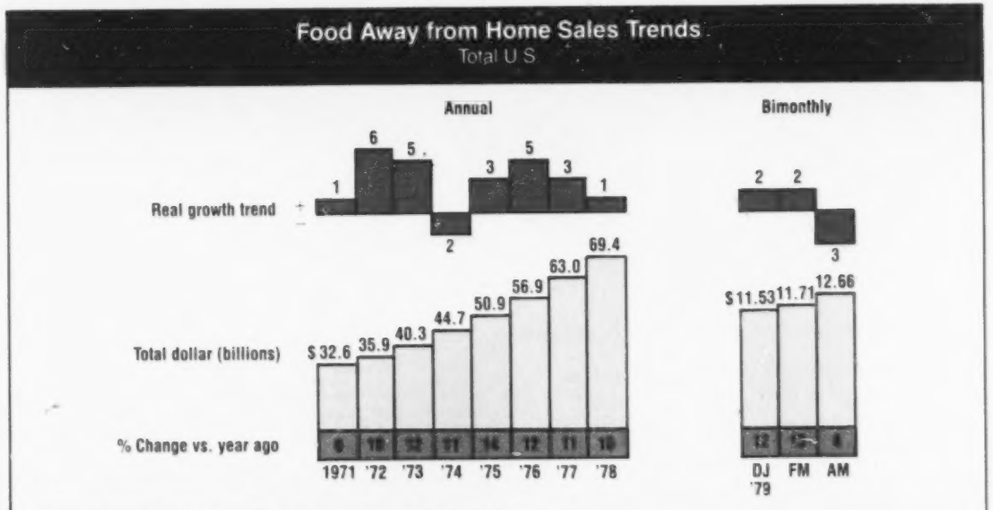


Chart 4

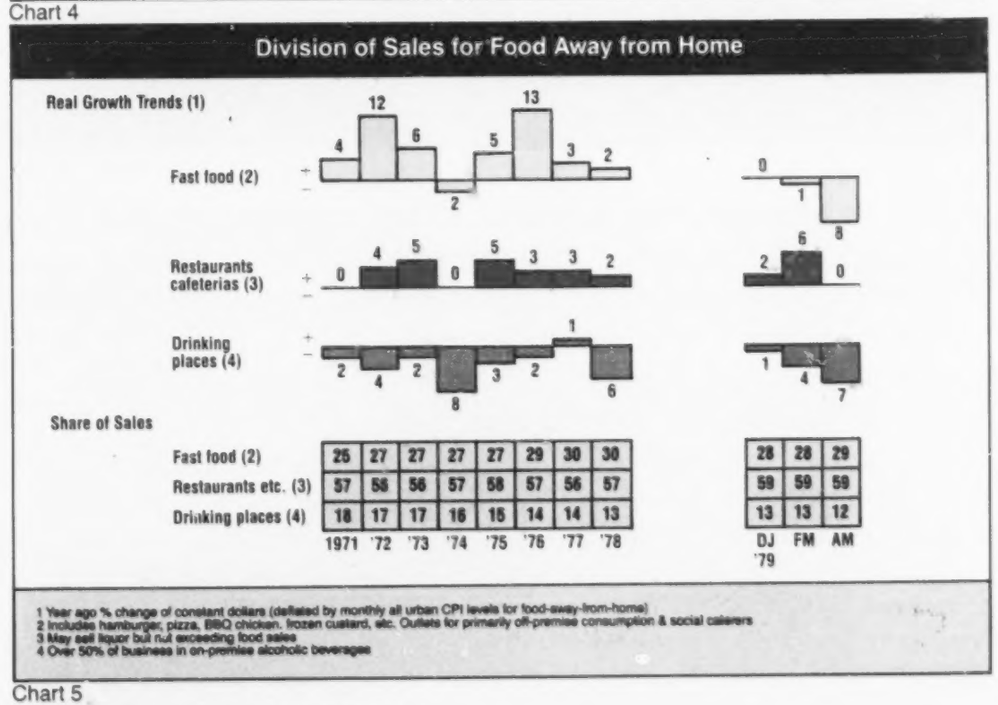
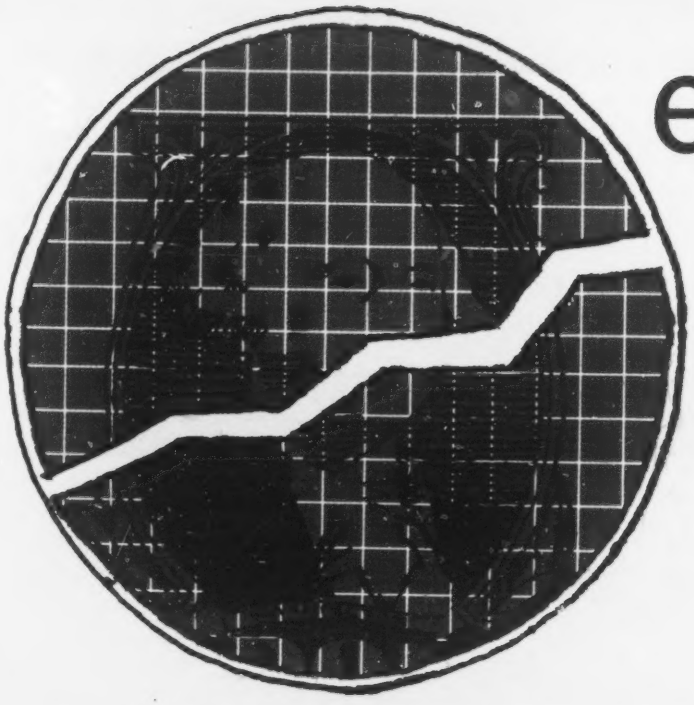

Division of Sales for Food Away from Home
Real Growth Trends (1)
Fast food (2)
Restaurants cafeterias (3)
Drinking places (4)
Share of Sales
Fast food (2)
Restaurants etc. (3)
Drinking places (4)
1971 '72 '73 '74 '75 '76 '77 '78
DJ '79 FM AM
1 Year ago % change of constant dollars (deflated by monthly all urban CPI levels for 'food-away-from-home)
2 Includes hamburger, pizza, BBQ chicken, frozen custard, etc. Outlets for primarily off-premise consumption & social caterers
3 May sell liquor but not exceeding food sales
4 Over 50% of business in on-premise alcoholic beverages

Chart 5



economic factors

Food Away From Home Tops Medical Care

Food away from home was awarded the dubious honor of first place in the June 1979 Consumer Price Index (Chart 6). That honor, along with the gas shortage in June, probably helps explain the dip in sales for the fast food restaurants on the previous chart. Medical care, the longtime leader, slipped into second place, with food at home only four points behind.

The largest gainer from a year ago, however, was transportation, up 27 points. Apparel and upkeep posted the smallest gain, but prescriptions were still the best buy based on the C.P.I. Index.

GNP moved past the two trillion dollar mark in 1978 for the first time in history, advancing 11.7% versus the previous year. This represented an increase of $221 billion. Unfortunately, a major portion of the in-

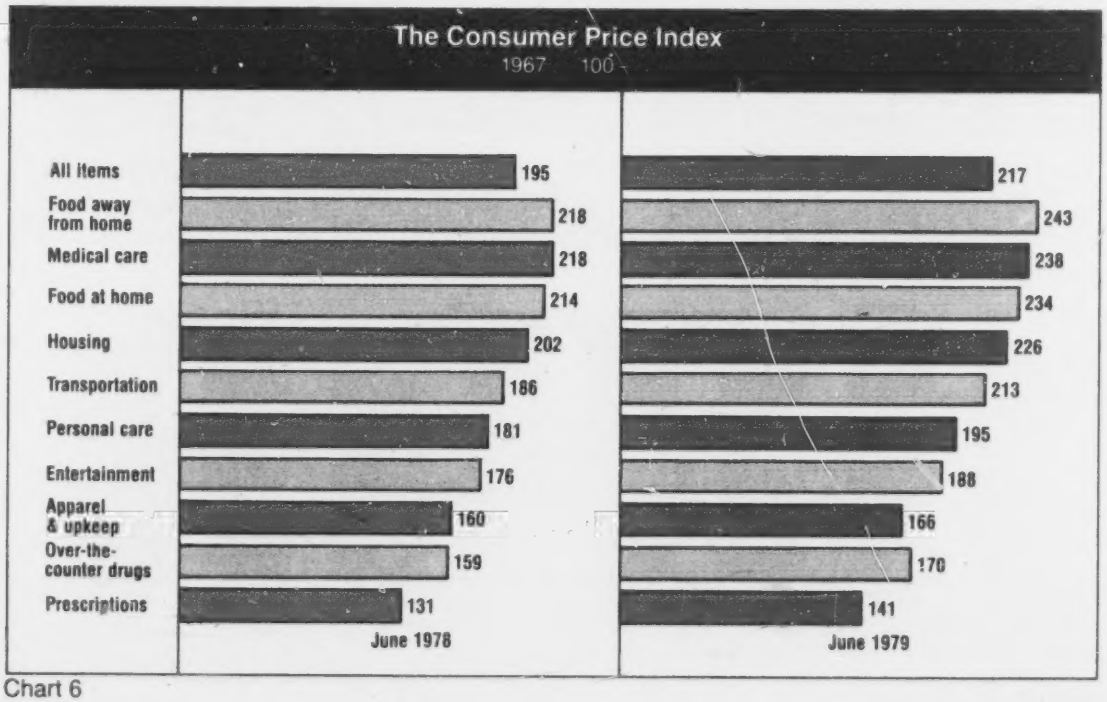


Chart 6

crease was due merely to higher prices.

Although the percentage gain in disposable income of 3.8% was not on the surface nearly so impressive, since it was computed in 1967 dollars, it comes close to matching the gain in GNP (Chart 7). Further, only a 5.8% gain in 1973 has been higher during the past six years.

In spite of the impact of inflation on grocery prices, the share of income spent in grocery stores (Chart 8) advanced only a tenth of a point in 1978 on a national basis. The largest share was spent by consumers in the Southeast and the smallest in Chicago and New York—9.0% and 9.2% respectively.

Infant Population

The 3% gain in the U.S. birthrate in 1977 gave rise to some speculation that the long-term decline might have run its course. The

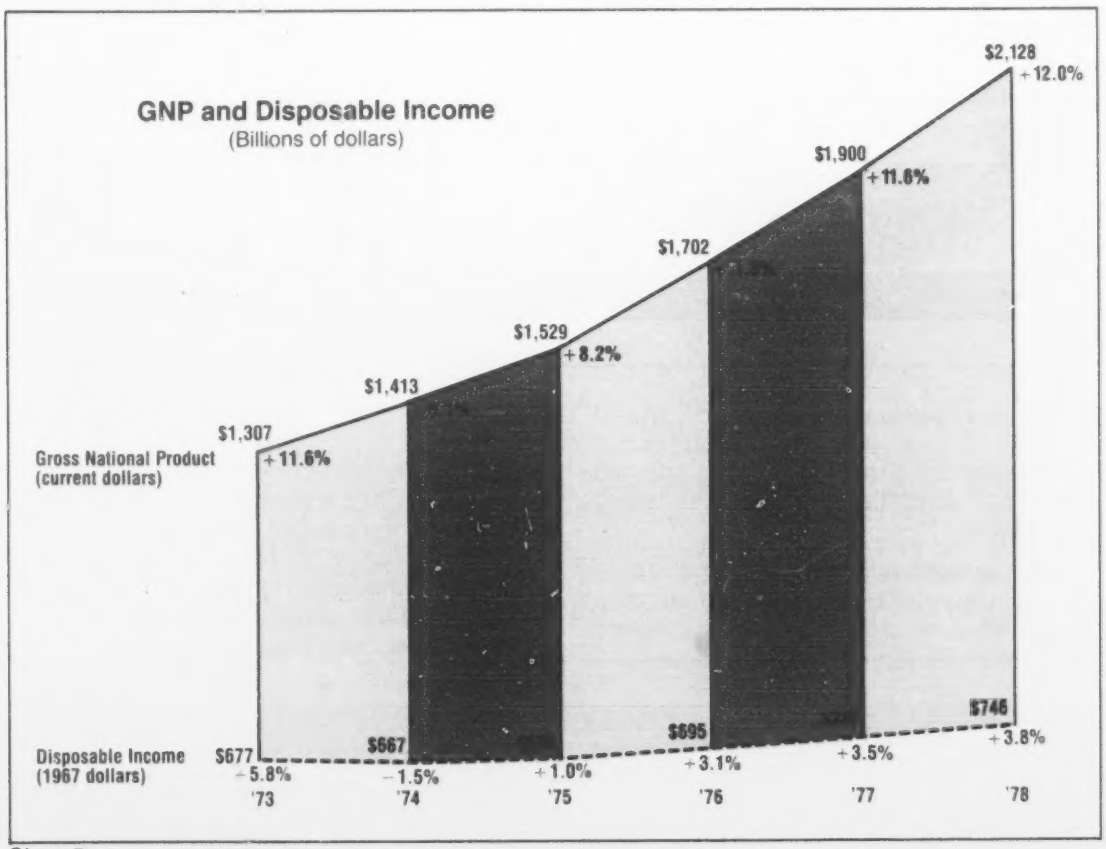


Chart 7

Per Capita Effective Buying Income and Retail Grocery Sales

	Per capita grocery store sales		Share of income spent in grocery stores	
		1978		1978
U.S.		$757		11.6%
New England		763		11.2
New York		693		9.2
Middle Atlantic		765		11.4
East Central		754		11.6
Chicago		689		9.0
West Central		711		11.2
Southeast		763		13.5
Southwest		780		12.8
Los Angeles		806		10.6
Remaining Pacific		820		11.9

Chart 8

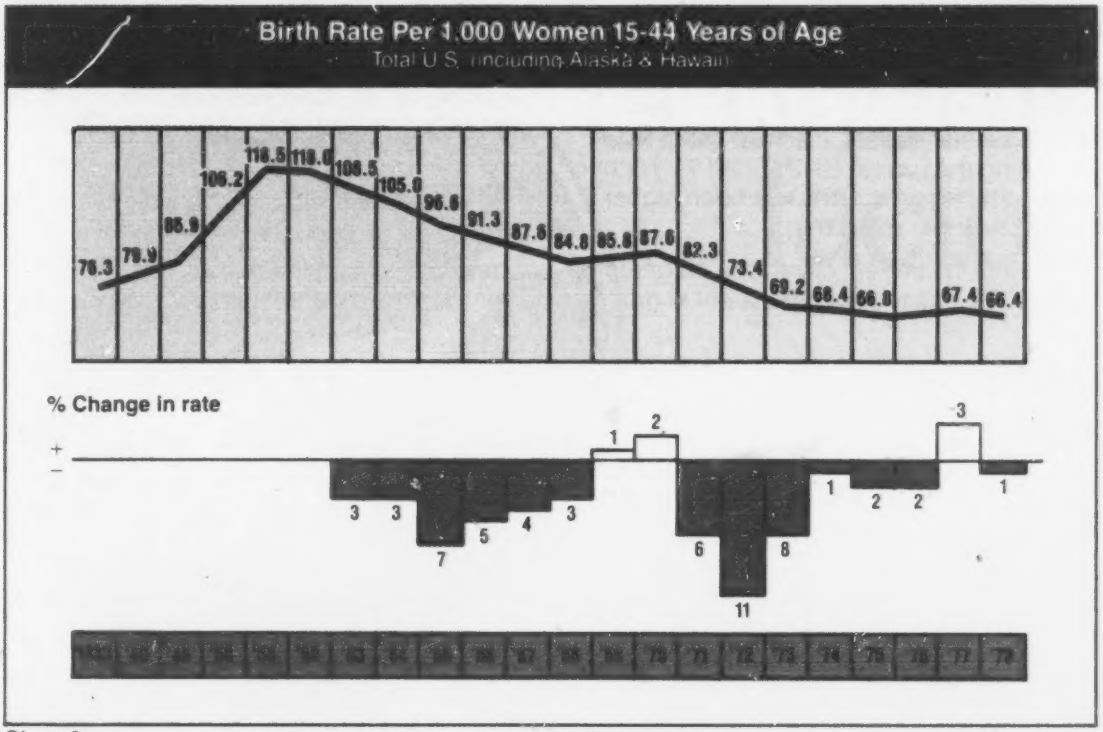


Chart 9

1978 figure put a quick end to the speculation (Chart 9) as the rate turned downward once again.

There has been a recent increase in the actual number of births, however, which is simply an echo of the baby boom following World War II. Even with the enormous increase in the number of women of childbearing age and the huge resultant potential, the present tendency of many married couples to delay having children, and to severely limit the number as well, has kept the infant population far below what might have been expected.

new item introductions

Decline May Be Over

For the past three years the total number of new warehoused items* introduced into grocery stores has declined by about 600 each year (Chart 10). If the volume of new items introduced in the second half of 1979 approximates the number introduced in the first half, however, the downtrend may have run its course.

New brand introductions for the past 10 months, at least (Chart 11), have shown a slightly stronger course than for the preceding 10 (706 versus 672), indicating a certain amount of firmness for this group.

Classification of New Items
All classifications and trend data are based on data filed Reports which normal coverage is being confirmed in U.S. supermarkets, nationwide, on a continuous basis.
New brands — The first time a brand name is used by its manufacturer. Example: Day I and Day II Shampoo—Colgate-Palmolive.
Established brands in new fields — Diversification by manufacturer with brand name carryover. Example: Vaseline Intensive Care Hand Lotion—Vaseline, an established brand in petroleum jelly, new to the hand care field.
Brand extension into new field — A brand name extension into a new segment of the same product category. Example: Pure 'n Bonita, an established brand in canned cat food, introduced in the moist cat food segment.
Brand proliferation — Generally, line extensions. Example: A new flavor of cake mix, a new size of floor wax, a new spray type of liquid starch, a new color of paper towel.

*See panel above for classification of new items.

New Item Introduction Trends

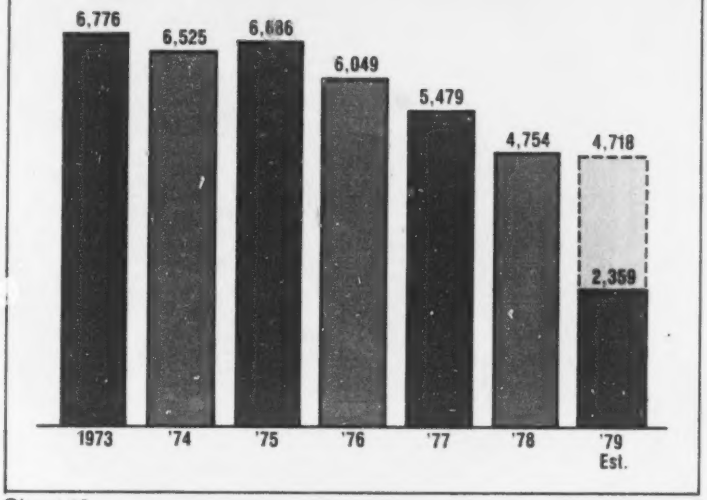


Chart 10

New Item Introductions by Category

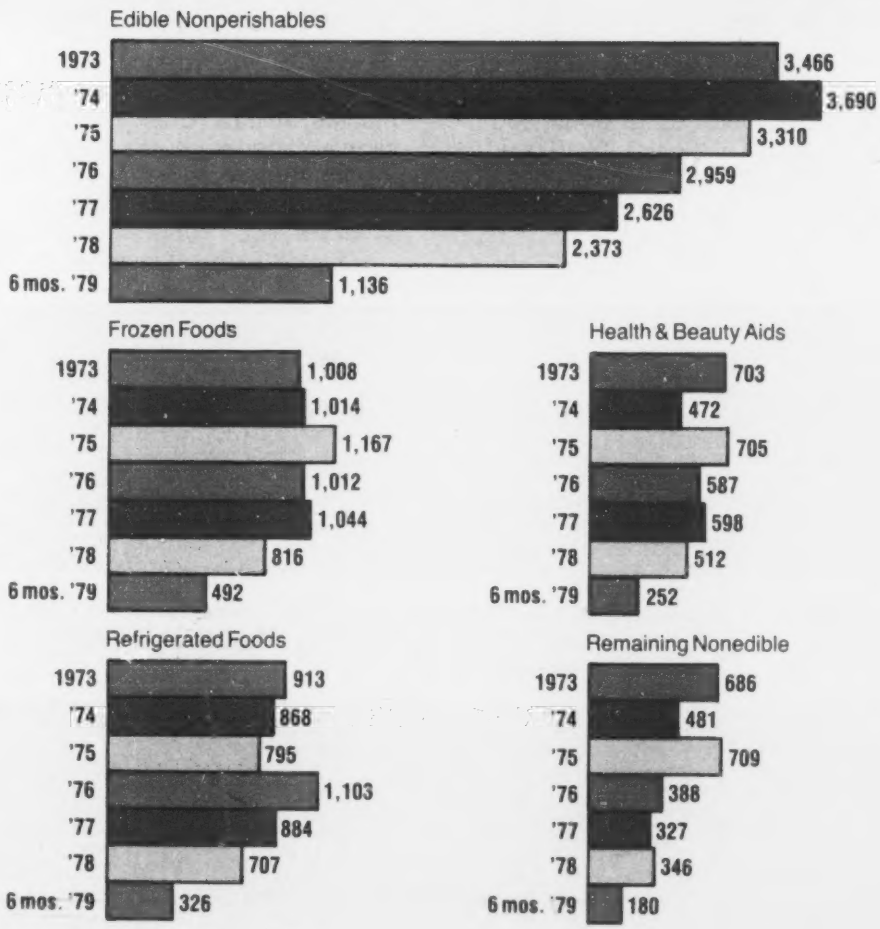


Chart 11

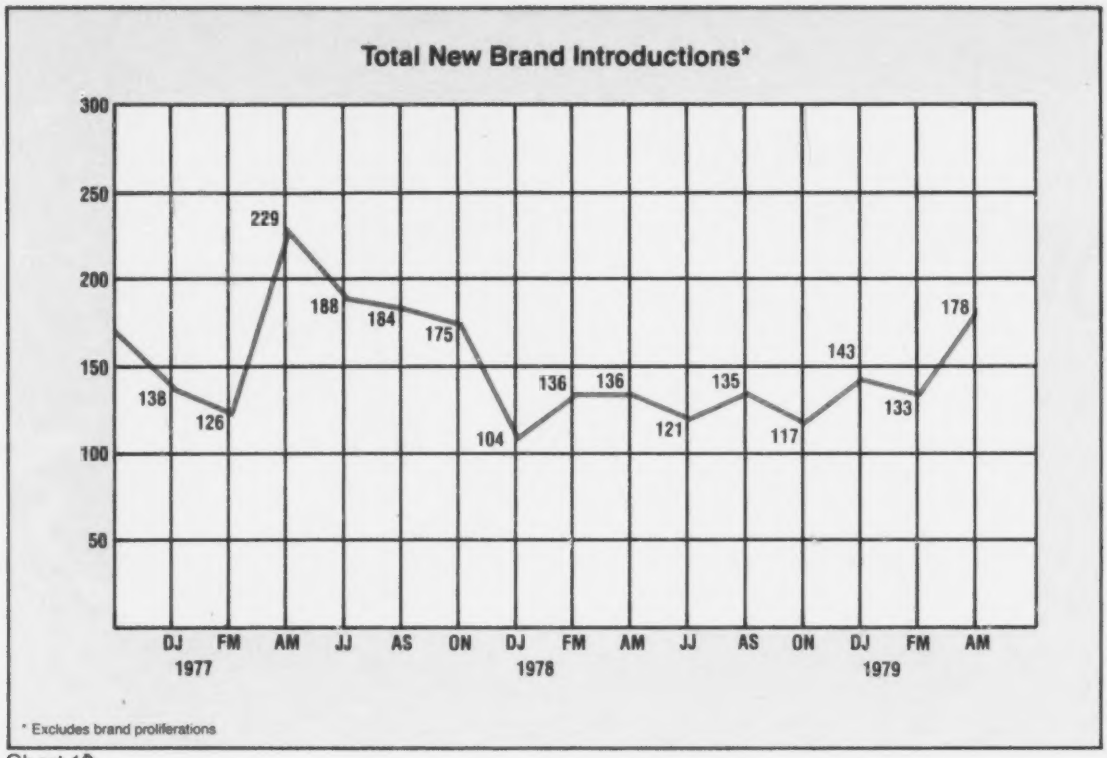


Chart 12

When viewed by category (Chart 11), it is readily apparent that the decline in introductions was spread throughout four of the five classifications. Although the decrease in number was largest in the edible group, the most significant contraction on a percentage basis was in frozen and refrigerated foods.

chapter 4

promotions

Only Minor Changes in Promotional Efforts

There were only minor changes noted in overall promotional efforts by grocery retailers in the most recent Nielsen study. On an all-commodity basis, the percentage of large independents engaging in some form of promotion moved up five points to 98%, and convenience chains reduced their efforts by the same amount (Chart 13).

When viewed by type of promotion (Chart 14), it would appear that trading stamps may be staging a mild comeback. Although nationally the gain has only been three points by chains and two by large independents, the use of trading stamps when examined by area (Chart 15) revealed increases in eight of the 10 Nielsen areas, with a decrease recorded in only one. In Chicago, for example, the use of trading

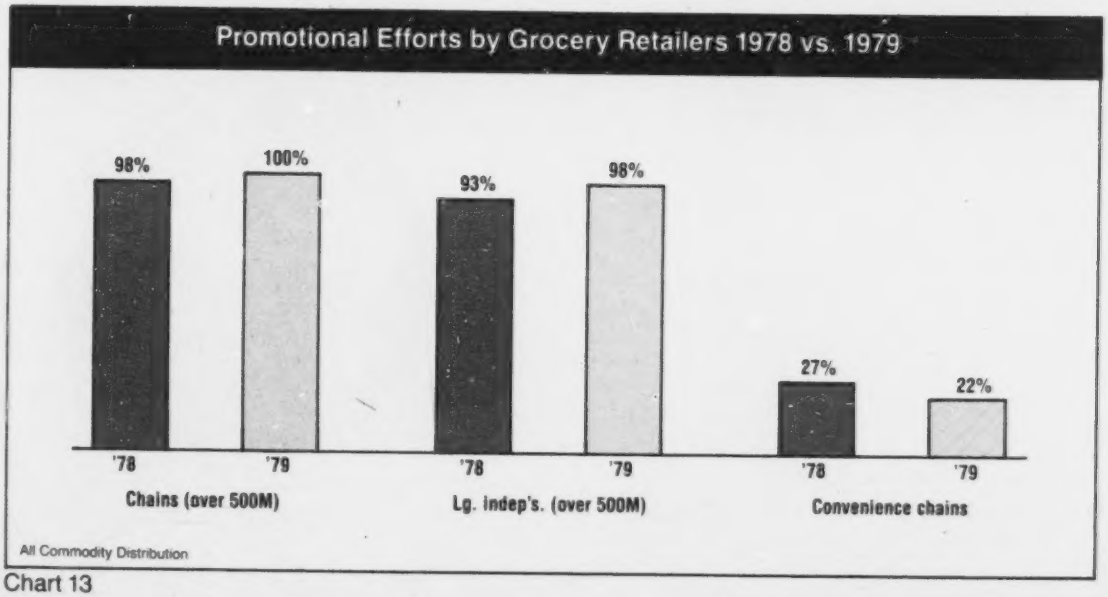


Chart 13

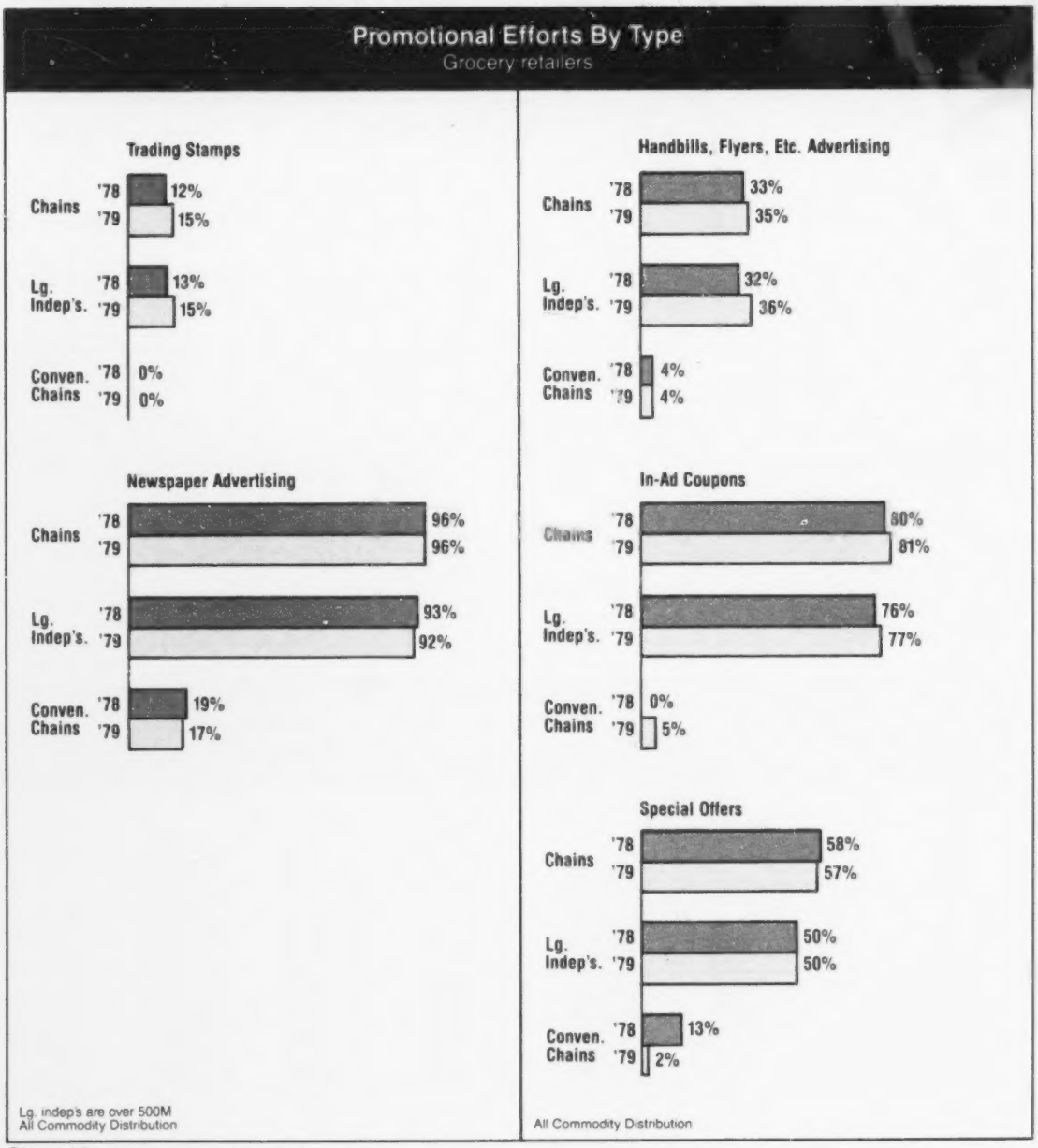


Chart 14

stamps in chain outlets rose from zero to 20% and in large independents from zero to 15%.

The only other point worthy of mention on a national basis was the reduction in use of special offers* by convenience chains—down from 13% in 1978 to 2% this year.

There were some fairly volatile swings in the usage of special offers in certain areas. In New England, for example, chains accounting for 64% of all-commodity distribution and large independents doing 59% utilized special promotions. This was reduced to 35% and 36% respectively in 1979. Although not quite so pronounced, a similar

*** Special offers include games, glassware, china, dictionaries etc.**

Promotional Efforts By Type & Area

Grocery retailers

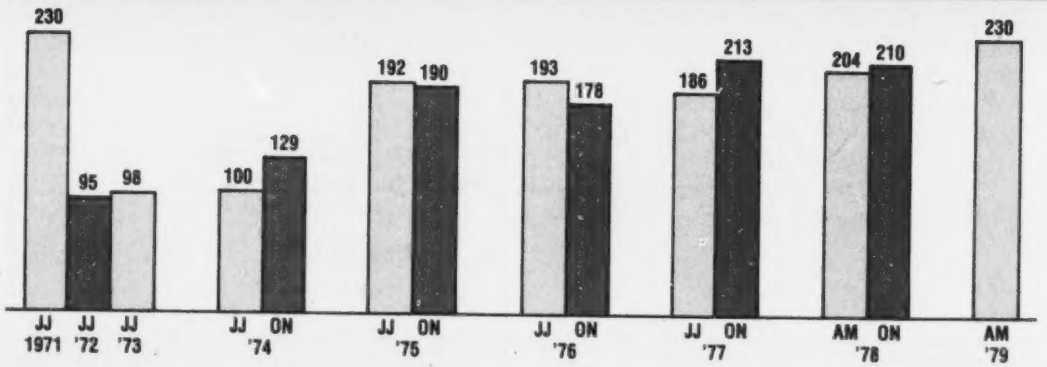
		Trading Stamps		Advertising Newspapers		Advertising Handbills		In-Ad Coupons		Special Offers	
		'78	'79	'78	'79	'78	'79	'78	'79	'78	'79
New England	Chains	15%	23%	93%	89%	47%	48%	85%	66%	64%	35%
	Lg. Indep's.	17	23	84	83	46	53	83	69	59	36
Metro N.Y.	Chains	—	4	92	92	67	76	91	91	63	45
	Lg. Indep's.	—	3	90	87	63	73	89	86	51	36
Mid-Atlantic	Chains	9	11	100	99	61	44	95	94	60	74
	Lg. Indep's.	9	10	95	95	58	46	91	86	53	68
East Central	Chains	6	10	99	98	38	49	85	93	53	42
	Lg. Indep's.	7	10	96	92	37	44	82	88	47	39
Metro Chicago	Chains	—	20	99	100	53	48	99	100	79	90
	Lg. Indep's.	—	15	94	94	49	46	87	95	62	73
West Central	Chains	14	24	94	91	24	24	90	87	65	68
	Lg. Indep's.	14	21	93	91	22	26	87	87	62	63
South-East	Chains	20	23	99	99	19	26	72	76	44	59
	Lg. Indep's.	19	23	94	96	21	28	66	72	39	50
South-West	Chains	36	19	98	95	14	6	77	60	62	56
	Lg. Indep's.	39	25	96	93	15	13	66	57	52	45
Metro L.A.	Chains	7	7	94	97	27	26	71	66	64	48
	Lg. Indep's.	9	9	90	93	28	28	71	67	56	44
Remain. Pacific	Chains	4	6	89	93	10	27	56	73	52	56
	Lg. Indep's.	4	6	89	92	11	25	54	67	43	48

All Commodity Distribution

Chart 15

Usage of Price-Pack Offers in Grocery Stores*

Selected product classes
Index basis—June-July 1974 100



* Abrasive cleansers, package detergents, toilet soap, presoakers, shortenings, fabric softeners, household cleaners, brownie mixes, flour, salad & cooking oils, facial tissue, bathroom tissue, soluble coffee & regular coffee

Chart 16

pattern was evident in New York and Los Angeles. The reverse trend could also be seen in the mid-Atlantic, Chicago and Southeast, thus accounting for level reading nationally.

Price-Pack Promotions

Last year we noted that price-pack promotions that were in so little favor in 1972, '73 and '74 were definitely "back to stay" based on their usage since 1975. This was confirmed by results of the April-May period in 1979 when the index for selected product classes hit 230 once again (Chart 16).

chapter 5

product and package performance: a consumer's view

Foreword

Early in history, a defense for the reputable tradesman appeared in the form of the craft guild. Records from Mesopotamia, Egypt and China all report the existence of craft guilds and that through these guilds dishonest workmanship, shoddy materials and unfair marketing practices were discouraged.

The viability of this system is apparent in the fact that it survived, essentially intact, until the beginning of the 18th century. Obviously, maintaining quality had real advantages.

With the coming of the Industrial Revolution, however, came entirely new manufacturing techniques, which eventually led to the development of mass production in the mid-19th century and the rapid technical advances of the 20th century.

Turning out products, quite literally, by the millions, helped reduce prices and make a wider range of better products available to the individual. But it also brought with it the need for systems and techniques for assuring quality on a scale never before seen.

In no area of activity was this more true than in the food industry. Canning began in the first decade of the 19th century, and by the 1850's, great advances had been made in commercial production. With the development of high-speed continuous materials handling, the need for quality assurance became even greater.

Thus, as the industry progressed through the early part of the 20th century, a new type of professional developed. He likely was an engineer or scientist. Eventually his perspective grew to encompass all facets of operations that contributed to the quality of the finished product. Professional organizations—the American Society for Quality Control, the Institute of Food Technologists, the Pharmaceutical Manufacturer's Association and others—developed to provide an opportunity for the exchange of ideas.

Today these professionals are responsible for the quality of billions of units of products manufactured by the food and drug industries. The importance of this professional development is as elementary as our hypothetical craft guild example: A company's name and its reputation for producing quality products are inseparable.

The purpose of this study*, as well as that of comparable studies conducted in 1975

* The study was based on a representative sample of 1,000 nationally dispersed homes. In order to qualify, a respondent had to have read premailed materials providing the principal grocery shopper an opportunity to recall recent product and packaging problems.

and 1977, is to develop some general measurements of the levels and trends of various consumer attitudes as they relate to a consumer's perception of a product's quality. It is intended to deal with broad rather than specific issues within individual industry segments.

The study is not intended, nor was it designed, for individual brand analysis. However, it might be used as a backdrop against which more individualized research might be compared.

Sources of Consumer Complaints

It is virtually impossible to develop a perspective concerning the magnitude of the challenge facing grocery store product manufacturers without first considering the enormous number of products sold through these types of outlets. In 1978, $164 billion in goods moved through the nation's retail grocery outlets.

No industry interacts more frequently with its customers than does the industry that supplies the nation's supermarkets. With the average household in the U.S. currently spending $2,200 annually in grocery stores, it is obvious that the number of individual supermarket products moving through a household in a year's time is substantial—we estimate between 1,600 and 1,800 units per household.

Thus, when it is established that 39% of the respondent households could not recall a product that did not perform according to expectation (Chart 17) during the past year, it suggests that the actual number of product or packaging failures must be very low in respect to the enormous number of products moving through the average household from supermarkets.

Our "average" household surveyed this year recalled 1.6 product and/or package problems. If we assume the estimate of 1,600-1,800 units of supermarket products per year moving into that "average" household to be roughly correct, the indication is that 0.1% dissatisfaction—or 99.9% satisfaction—is the "quality" of supermarket products. An amazing achievement on the part of this industry. This study then is developing information on the 1/10 of a per cent dissatisfaction portion.

A very important finding this year is that the 61% of the sample who could remember a product problem this time is significantly lower than the 67% measure of two years ago (Chart 17). This improvement appears to derive from overall declines in complaint levels among most demographic classifications (Chart 18). As in the 1977 study, the greatest frequency of complaint still occurs among high income families who have large grocery budgets and a family size of three or four.

Incidence of Consumer-Perceived Product and Packaging Problems
(Base: 1,003 Households)

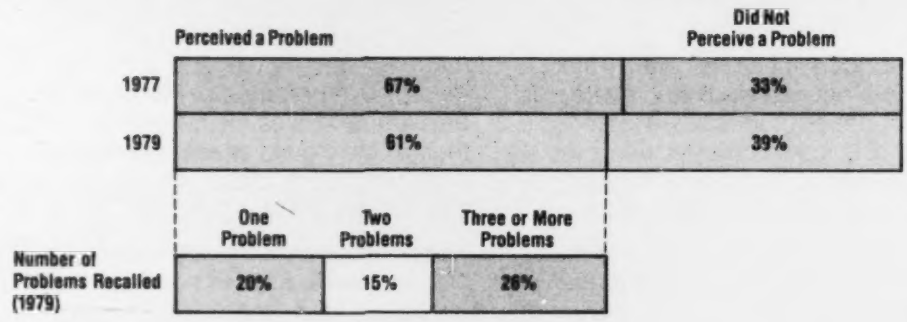


Chart 17

The Product and Package

Part of the reason behind the decline in the number of households encountering a problem appears in Chart 19. The proportion of households encountering a product shortcoming—as opposed to a packaging problem—fell from 51% to 46%. This shift primarily traces to frozen foods, with a six-point reduction, canned goods with three points, and household products also with three points. Refrigerated foods continue to lead in complaints with mentions by 18% of the contacted households.

Package-related problems changed little from levels identified in the 1977 study. Aerosol products continue to lead in the frequency of consumer mentions, with paper products next in line but substantially lower.

Types of Problems

Each of the myriad products and packages leaving the shipping docks of U.S. manufacturers each day is subject to risks—temperature extremes, rough handling, improper stock rotation . . . the list could go on. To help identify the various sources of complaint, respondents who had indicated dissatisfaction with a product were asked the open-ended question, "What was the problem?"

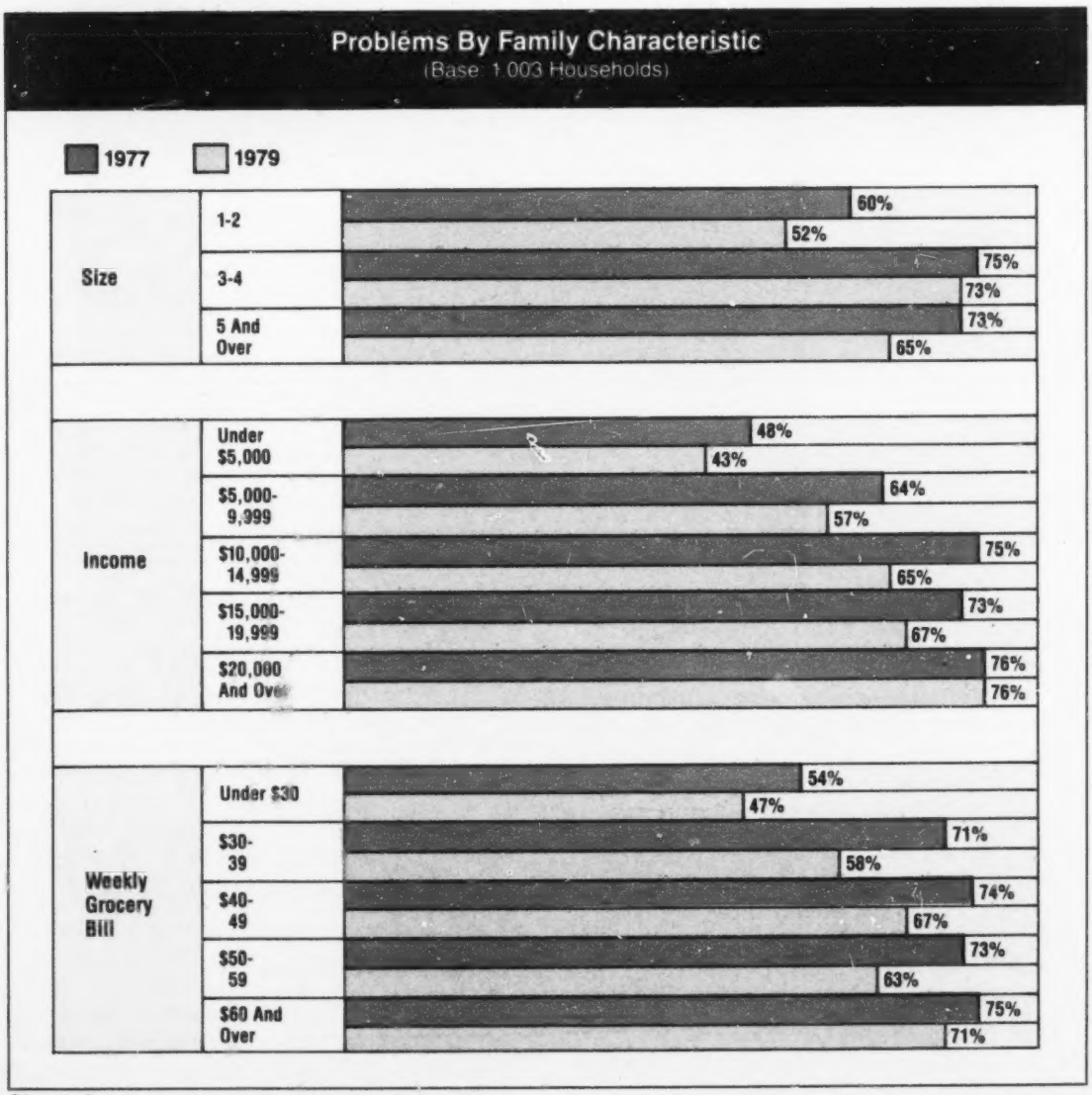


Chart 18

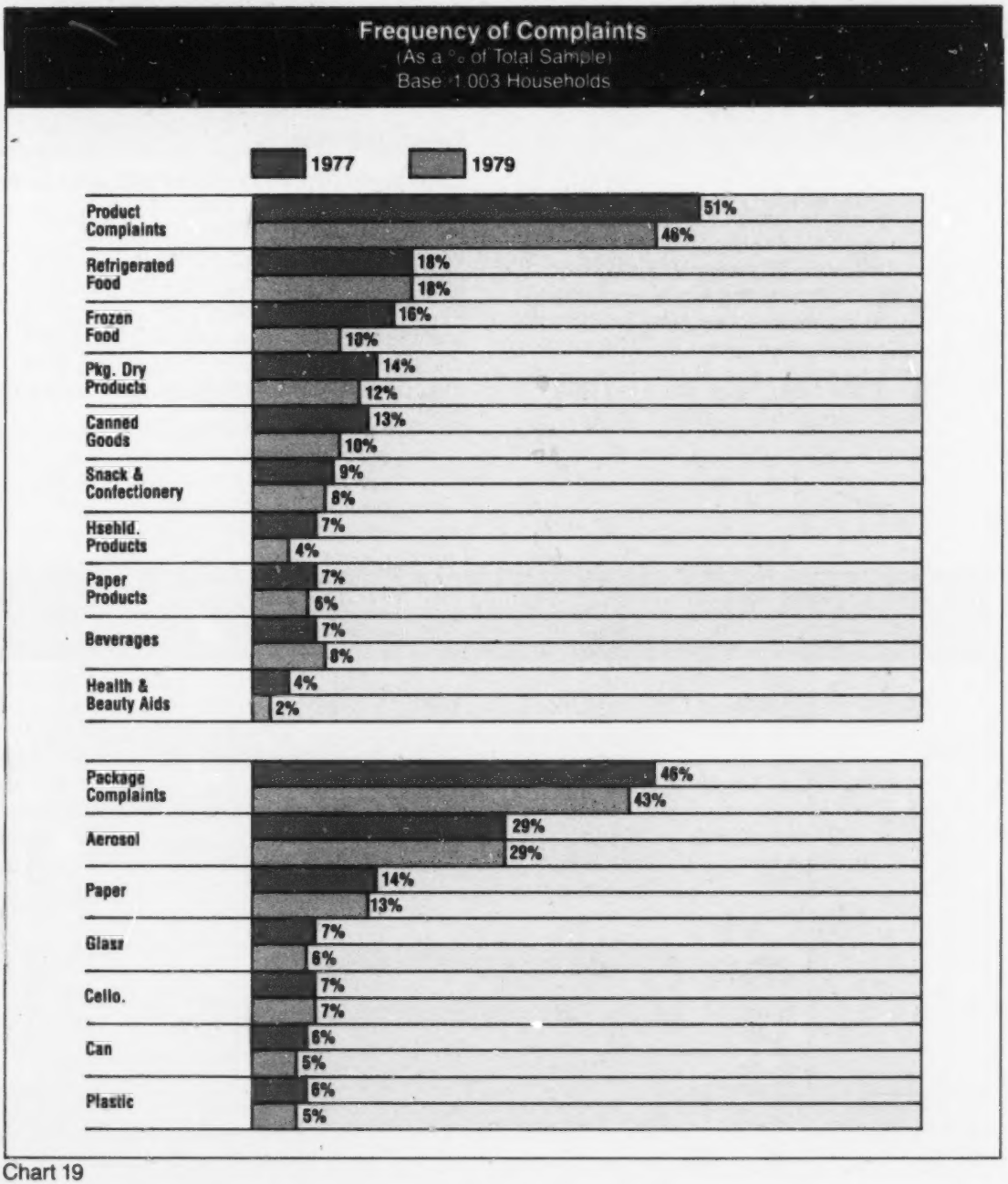


Chart 19

Among the edible categories (Chart 20), the most frequently volunteered reason for complaint related to the freshness of the product. This is especially pronounced in the refrigerated categories. Among the non-edible categories, "Didn't perform as expected" drew the largest number of mentions.

Many of the packaging complaints (Chart 21) also traced to just a few causes—clogged or inoperative dispenser, hard to open, or damaged containers. These responses are little different from the previous study.

Consumer Reaction

The consumer has several options available when faced with one of these performance situations. If it's a packaging problem, the consumer may choose to attempt to over-

Types of Product Complaints—by Product Category

Product Category	% of Households Having a Product Complaint (Base 1,003)	Type of Complaint	% of Complainers for Specific Product Category
Frozen Foods	10	Freezer Burn	42
		Bad Taste	14
		Product Freshness	13
Refrigerated Foods	18	Product Freshness	84
Canned Goods	10	Product Freshness	26
		Bulged Can	16
		Contaminated	9
		Bad Taste	8
		Discolored Product	8
Packaged Dry Goods	12	Contaminated	60
		Product Freshness	14
Health & Beauty Aids	2	Didn't Perform as Expected	19
		Contents Dried Up	15
Household Products	4	Didn't Perform as Expected	46
		Not Full Package	11
Paper Products	6	Didn't Perform as Expected	55
		Falls Apart	15
Snack & Confectionary	8	Product Freshness	43
		Broken or Crumbled	27
Beverages	8	Excessive/Insufficient Carbonation	41
		Not Full	21
		Bad Taste	16
		Contaminated	14

Chart 20

come the problem and still use the product. The consumer may fail to finish the use of the product and chalk it up to experience. The product could be returned to the retailer. But whatever the problem, the most effective action the consumer can take is to communicate the complaint directly to the manufacturer of the product.

One of the most important findings of this series of studies has been the low incidence of complaints communicated directly to the manufacturer. When those persons who perceived a product problem were asked what they did about it (Chart 22), we found again this year that about one-fourth returned the product to the retailer, another fourth discarded the product without further use, 4% made what they considered a complaint to the store, and only 3% wrote the manufacturer. The majority (39%) chose to do nothing in an active way.

Packaging problems elicit even less response. Consumers are apparently more tolerant of packaging problems than product problems. About one-fifth of our respondents who perceived a package problem returned the product to the store, and another fifth discarded the item without further use. Three per cent complained to the store, and a miniscule 1% wrote the manufacturer. More than half of the respondents chose to take no action at all.

The Manufacturers' Response

In Chinese calligraphy, the character for "crisis" is a combination of the characters

Types of Package Complaints—by Package Type

Package Type	% of Households Having a Package Complaint (Base 1,003)	Type of Complaint	% of Complainers for Specific Package Type*
Aerosol	29	Clogged/Inoperative	81
		Insufficient Pressure	20
Can	5	Opening Feature/Flip Top	31
		Hard to Open	24
		Dented	24
Paper	13	Broken Package	32
		Hard to Open	24
		Slit Package	19
Cello	7	Hard to Open	38
		Slit Package	31
Glass	6	Chipped/Broken	53
		Hard to Open	19
Plastic	5	Leaky/Broken	24
		Hard to Open	24

* May add to more than 100% due to multiple response

Chart 21

for "danger" and "opportunity." And, though a consumer letter may not constitute a "crisis," it does present elements of danger and opportunity—the "danger" that a loyal customer might be lost to a competing brand and the "opportunity" to compensate for the problem and assure a continuing relationship with the customer.

Most, if not all, companies recognize this danger/opportunity potential in their personal interaction with these special customers. Their investment in the consumer affairs area and their quickness in responding appropriately to consumer inquiries has continued to evolve to the point where some currently maintain wide area telephone service (WATS) facilities to make this direct access much easier for their customers.

But, whatever the method, this research indicates a very high level of satisfaction being created by manufacturers in responding to their customers' complaints. Chart 23 shows that of our 32 respondents who wrote manufacturers in this year's study, 26 remembered receiving a response. Furthermore, of the 26 who received a response, 24—or over 90%—were satisfied.

These manufacturer responses could have been in the form of a letter of apology, a free replacement, a coupon or any other manufacturer response. The details in the research indicate that almost *any* response satisfies the consumer.

Effect on Buying Habits

As we have seen, most consumers when faced with a product or package complaint do not, for whatever their reasons, make their feelings known to those in a position to take corrective action on their behalf. But whether they voice their complaint or not, all will continue to make buying decisions, and

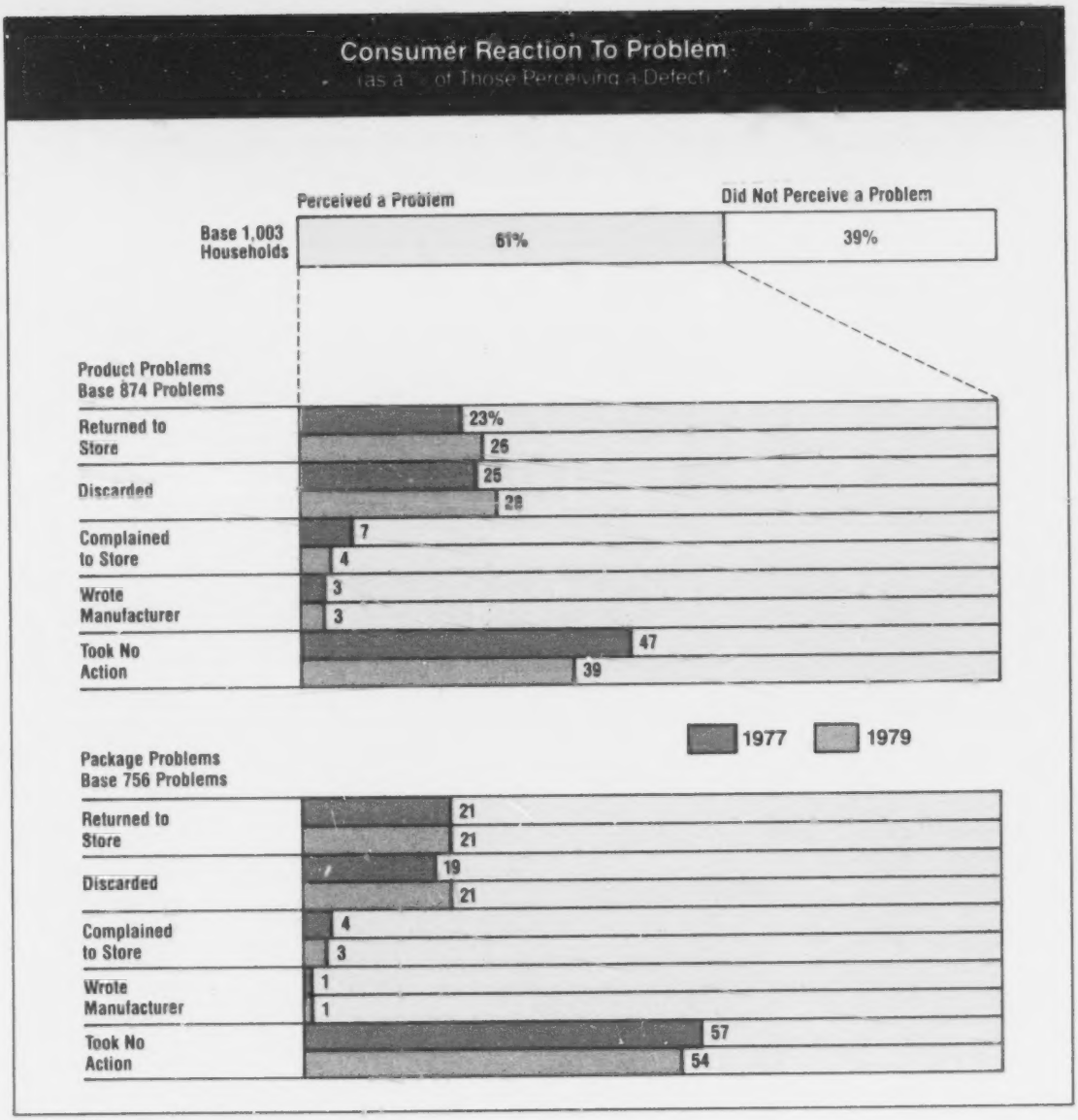


Chart 22

these decisions should reveal something of the severity of the complaint.

Our most recent data (Chart 24) indicate that those who react to a product complaint by switching brands continue to be a significant percentage—29%.

Chart 25 summarizes major complaints and action taken for the frozen foods and refrigerated foods categories. Freezer burn explains 42% of the dissatisfaction in frozen food with product freshness adding another 13%. Eighty-two per cent of all refrigerated food complaints are explained as "product freshness." In the food industry, the entire distribution system—from manufacturers' production line to retailers' refrigeration equipment—must work effectively to solve the quality issue.

While the manufacturer has little control over most of this distribution system, it's important to note that the consumer action in one-fourth of these situations results in brand switching. Other loyalty decisions involve flavor/type/size, package type, product category, even the retail store itself.

Compared to those persons with a product complaint, those who had a packaging complaint (Chart 24) were less inclined to switch brands—17%. Nearly half indicated they would continue to buy the same brand

Consumers' Reaction to Manufacturer Response

(Number of Respondents in Parentheses)

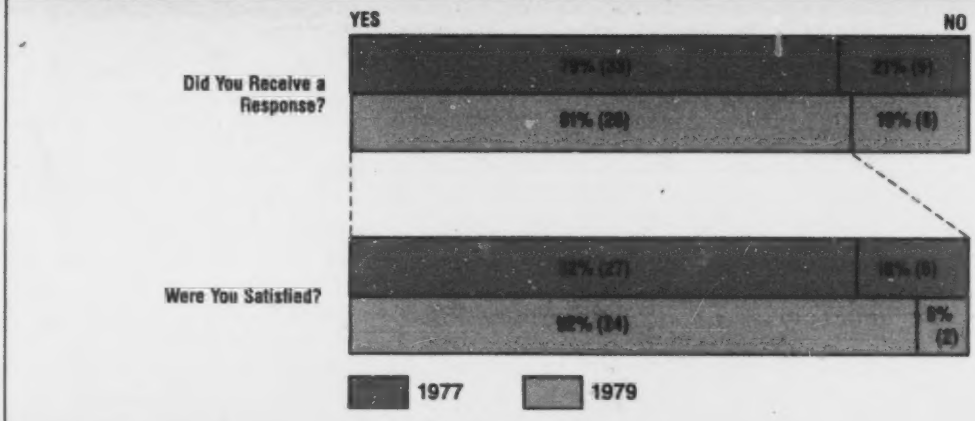


Chart 23

Effect On Buying Habits

(as a % of Those Perceiving a Defect)
Base: 1,630 Complaints

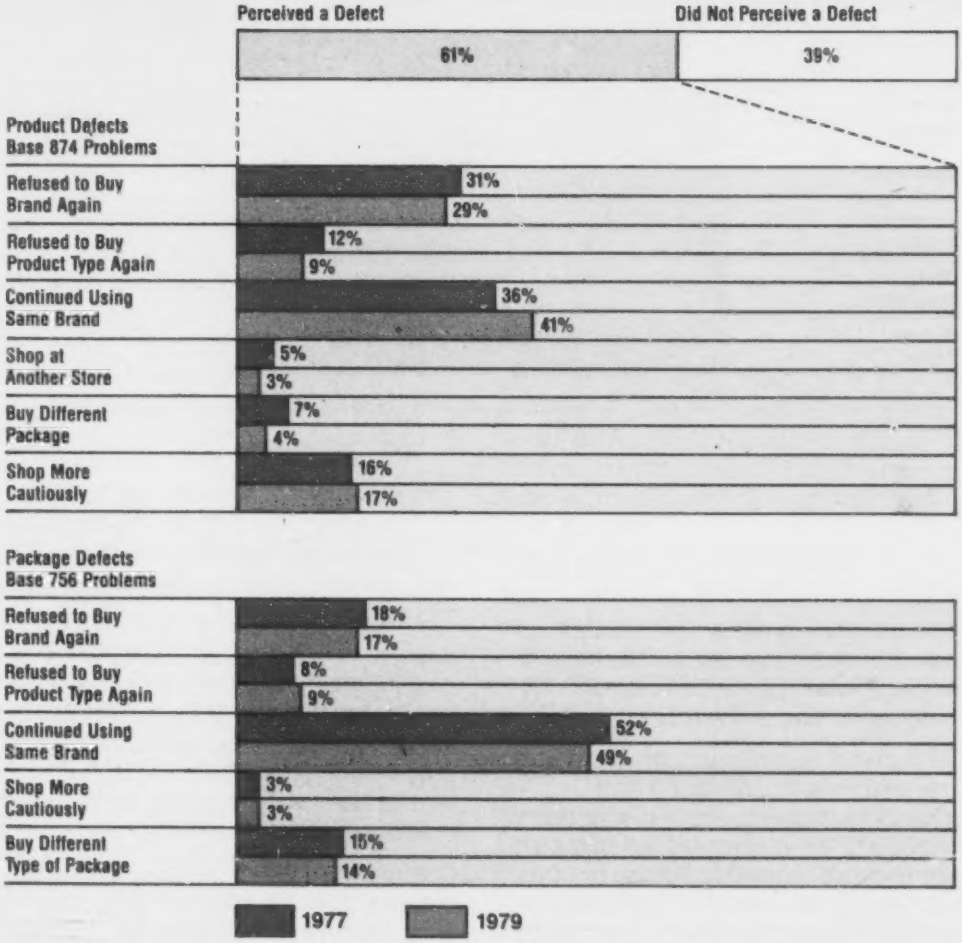


Chart 24

Major Complaints and Actions Taken When Encountering a Problem With Perishable Products

(As a % of Complaints Mentioned in Each Product Category)

	Frozen Foods (Base 104 Complaints)	Refrigerated Foods (Base 217 Complaints)
Major Reason For Complaint		
Freezer Burn/Refrozen	42%	—
Product Freshness	13	82%
Bad Taste	14	7
Discolored	12	1
Other	19	10
Action Taken		
Changed Brands	26%	26%
Switched Flavor/Type/Size	2	1
Switched Package Type	6	2
Switched Product Type/Category	18	4
Changed Stores	3	5
More Cautious About What I Buy	8	26

Chart 25

Taking Action as a Function of the Number of Problems Recalled

	% Sample Recalling (Base 1,003)	Number of Problems Recalled	% of Those Recalling Who Took Some Action*	% of Those Recalling Who Switched Brands
No Problems	39.0	0	0	0
One Problem	19.6	197	31	22
Two Problems	15.3	306	44	31
Three or More Problems	26.1	1,521	65	59

* Wrote, Called, Returned to Store, Complained to Store Responses

Chart 26

again. Apparently, product values will compensate for packaging problems in some cases.

Of special interest to retailers are those consumers who reacted to a product problem by choosing to shop elsewhere. We found that about one-half of these persons who said they changed stores had problems with frozen or refrigerated products. Had the study included two other major perishable areas generally associated with store responsibility for quality, fresh meat and produce, the numbers of these respondents may have been higher.

Are There Identifiable Groups of Complainers?

To address this issue, we separated the respondents who recalled having no problems from those with one, two, or three or more problems. Not surprisingly, the likelihood of taking some action (Chart 26) and the likelihood of switching brands related closely to the number of problems recalled.

We further tabulated responding households according to the number of problems encountered by selected demographic groups (Chart 27). Smaller, lower income, lower grocery expense, and lower educational levels encountered fewer problems while, at the opposite end of the spectrum, the recall of problems is concentrated among the highest income and highest weekly grocery bill categories.

We then looked to see if those who took some kind of action confirmed this general profile (Chart 28), and once again we found that it did.

Characteristics of Households By Number of Problems Recalled

Characteristics	Total Sample (Base 1,003)	No Problem Households (Base 391)	One Problem Households (Base 197)	Two Problem Households (Base 153)	Three or More Problem Households (Base 262)
Household Size					
1-2	50%	62%	50%	45%	36%
3-4	34	24	34	43	44
5-Over	16	14	16	12	20
Household Income					
Under $5,000	9	14	9	4	4
$ 5,000- 9,999	23	29	26	24	14
$10,000-14,999	17	16	16	12	20
$15,000-19,999	22	21	24	25	20
$20,000-over	29	20	25	35	42
Weekly Grocery Bill					
Under $30	21	30	24	15	11
$30-39	14	16	14	16	11
$40-49	16	14	18	18	16
$50-59	16	15	18	16	14
$60-over	33	25	26	35	48
Education of Respondent					
Some High School or Less	23	35	19	18	10
Graduated High School	39	36	44	38	40
Some College	20	15	17	25	28
Graduated College	18	14	20	19	20

Chart 27

Are There Identifiable Groups of Complainers?

To address this issue, we separated the respondents who recalled having no problems from those with one, two, or three or more problems. Not surprisingly, the likelihood of taking some action (Chart 26) and the likelihood of switching brands related closely to the number of problems recalled.

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We then looked to see if those who took some kind of action confirmed this general profile (Chart 28), and once again we found that it did.

We are therefore led to conclude that the likelihood to encounter a problem and the likelihood to take some action are basically related to the exposure to higher numbers of supermarket products coming into the household. If there are important population segments that tend to complain, they aren't clearly identifiable in this particular survey.

In Conclusion

In many respects, the 1979 study reaffirms the findings of the 1977 study.

—Thirty-nine per cent of the households in the sample could not recall encountering a

Are There Demographic Groups With a Strong Likelihood of Taking Action on a Problem?

Selected Characteristics	% Of Those Who Recalled a Problem (Base 612)	% Who Took Some Action (Wrote, Called, Returned or Complained to Store)
Total Sample	100	49
Household Size		
1-2	43	43
3-4	40	54
5-over	17	54
Household Income		
Under $5,000	6	36
$ 5,000-9,999	20	51
$10,000-14,999	17	55
$15,000-19,999	22	42
$20,000-over	35	53
Weekly Grocery Bill		
Under $30	16	43
$30-39	13	46
$40-49	17	42
$50-59	16	46
$60-over	38	56
Education of Respondent		
Some High School or Less	15	41
Graduated High School	41	52
Some College	24	54
Graduated College	20	45

Chart 28

product that did not meet their expectations. Considering the number of supermarket products going into homes annually, this finding seems to indicate a high degree of general product quality.

—The incidence of households encountering a problem fell from 67% to 61% in this two-year period of time. A significant improvement.

—Most households don't take the effort to communicate their product and packaging problems directly to the manufacturers.

—Of those households who do communicate with manufacturers, 80% receive a response and more than 90% are satisfied with that response.

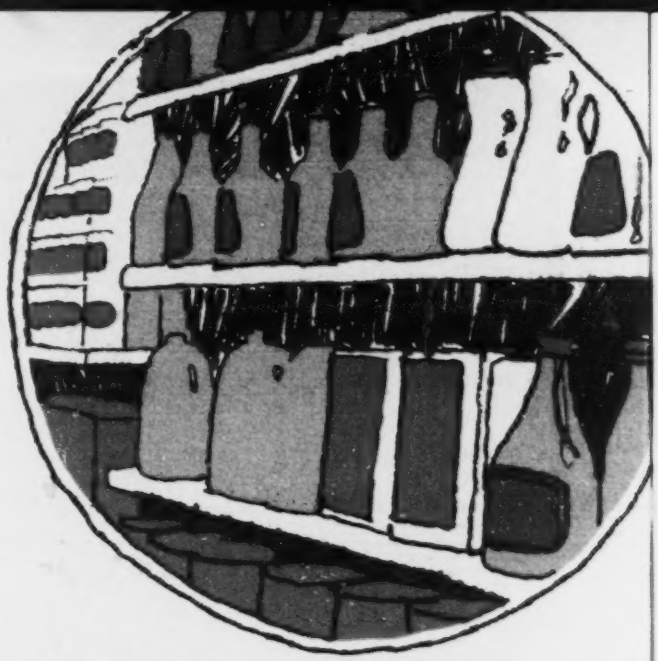
—A considerable number of consumer loyalty decisions are still being made because of product and packaging problems not reported to either the manufacturer or the retailer.

These findings suggest that manufacturers and retailers, in general, are doing a better job of meeting the challenges of producing high-quality goods consistent with today's consumer demand—at least in the eyes of the consumer.

Even with the excellent level of quality that exists with supermarket products, there remain important areas of product and packaging improvement. Coupling this opportunity with the expectation that government activity and the public wave of consumerism will continue, we are led to believe that manufacturers and retailers should continue to invest in improved quality.

chapter 6

space allocations dry groceries



The 23 product classes used to sample average space allocations for dry groceries reflected a net addition of five linear feet for 1978, with the largest increase (crackers) limited to just three feet and most only a single foot (Charts 29 and 30). Natural cereals suffered the largest loss, off an average of five feet—one of the five product classes that experienced some reduction in space allocation. The space allocated chewing gum was also cut back an average of three feet. This product class had received an unusually large addition last year (an average of seven feet), which probably reflects the constant pressure on space for impulse items.

Cigarettes

The percentage of stores in the total U.S. offering cartons of cigarettes on a self-service basis climbed six points during 1978 (Chart 31). This would appear to be an indication that more retailers have been attempting to sell the "large size" of cigarettes plus hastening consumers through the checkout process.

The increase did not extend to all territories, however. There were decreases in Metro Chicago and the Southeast, but these were more than offset by large increases in Metro New York and the Remaining Pacific.

Chart 32 provides the average linear feet allocated to cigarettes by size of chain. Overall, there was no difference in the average footage allocation for all chains, but by volume type there were at least minor changes in every classification. The largest increase was the eight feet allocated by the chains with average dollar volumes, ranging from three to four million.

Average Linear Feet of Shelf Space Per Store I
(Selected Product Groups—Chains Over 500M)

	1976	1977	1978
Detergents Dry	59	59	59
Detergents Liquid	50	51	52
Cleansing Tissue	26	26	26
Toilet Tissue	40	41	42
Paper Towels	39	39	40
Plastic Bags	38	40	40
R-T-E Cereal	97	96	99
Cereal Natural-Health	15	15	10
Coffee Regular	45	43	42
Coffee Soluble	28	27	29
Chewing Gum	42	49	46

Chart 29

Average Linear Feet of Shelf Space II

(Selected Product Groups—Chains Over 500M)

		1976	1977	1978
Dog Food	Dry Type	51	57	
	Canned Wet	52	54	
	Moist Type	20	20	20
Cat Food	Dry Type	20	21	
	Moist	11	12	
	Canned Specialty	34	33	33
	Canned Maintenance	12	13	
	Crackers	59	61	
Soft Drinks	Liquid	182	193	195
Candy	Ret. Less Than $3.50	124	127	
Soup	Canned & Dry	88	93	
Fruit Drinks	Canned	48	49	47

Chart 30

Self-Service Cigarettes

(Chains over 500M)

	% of Stores Selling Cigarettes Via Self-Service	
	1977	1978
Total U.S.	59	65
New England	33	40
Metro New York	10	29
Mid-Atlantic	30	39
East Central	71	77
Metro Chicago	52	49
West Central	84	90
Southeast	62	55
Southwest	70	75
Metro Los Angeles	62	77
Rem. Pacific	60	93

* Cartons only

Chart 31

Average Linear Feet Devoted to Cigarettes*

(all chains by volume)

	1976	1977	1978
Total All Chain Stores	31 Ft.	33 Ft.	
Under $500,000 (Under $1 Million)	16	16	
$500,000 To $1 Million	—	—	28
$1 To $2 Million	35	38	
$2 To $3 Million	40	44	
$3 To $4 Million	36	39	47
$4 To $5 Million	45	48	
$5 To $6 Million	44	53	
$6 Million and Over	54	47	48

* Cartons only

Chart 32

frozen & refrigerated foods

Chains Expand Frozen Food Capacity

Large chain supermarkets continued to expand their capacity for stocking frozen foods, boosting the national average to over 300 linear feet for the first time in history (Chart 33). Chains in New England and New York made minor reductions, but chains in all other territories recorded gains—four over 10%. Capacity in Los Angeles chains was up 13% resulting in an average linear footage of 408 feet, the largest in the nation.

Frozen vegetables (excluding potatoes) continued to lead with an allocation of 54

Total Frozen Foods Average Linear Feet of Shelf Space
(Chains Over 500M)

	1974	'75	'76	'77	'78	% Change vs. year ago

Chart 33

Average Linear Feet of Shelf Space Frozen Foods by Type

(Chains over 500M—1978)

	Potatoes	Other Juices	Pastry Items	Entree Items	Fish	A.O. Rem. Items
U.S.	21 Ft.	10 Ft.	25 Ft.	32 Ft.	29 Ft.	36 Ft.
N.E.	21	10	25	32	27	45
N.Y.	19	10	32	40	23	40
M.A.	22	10	26	37	35	48
E.C.	21	8	20	29	31	30
CH'GO	28	8	29	45	45	35
W.C.	27	12	27	34	37	36
S.E.	18	8	22	28	24	32
S.W.	17	8	22	24	27	30
L.A.	23	16	27	48	36	46
R. PAC.	24	14	25	32	24	37

Chart 34

Total Refrigerated Foods Average Linear Feet of Shelf Space

(Chains Over 500M)

	'78	'78
U.S.	217 Ft.	248 Ft.
New Eng.	211	233
New York	208	226
Mid. Atlantic	227	251
E. Central	207	237
Chicago	223	269
W. Central	211	245
Southeast	201	228
Southwest	218	248
L.A.	270	338
Rem. Pac.	229	271

Chart 35

feet, up three feet from '77, with entrees and fish a distant second and third (Chart 34). Frozen bread was broken out separately for the first time in 1978, having been previously included in all remaining items.

Refrigerated Foods

The average linear feet devoted to refrigerated foods on a national basis increased also (+8%) with all areas except New York posting gains. The most noteworthy increase occurred in Los Angeles (+17%), pushing the average well above the 300-foot mark. Linear footage gains of over 10% were also recorded in four other areas—Chicago, West Central, Southwest and the Remaining Pacific.

Cheese (excluding cottage cheese), milk products and margarine continued to occupy the largest amounts of space, with cheese the dominant product group among the three (Chart 36). Refrigerated rolls was

Refrigerated Foods by Type Average Linear Feet of Shelf Space

(Chains Over 500M)

	Refrig. Fruit Drinks	Eggs	Refrig. Biscuits	Refrig. Yogurt
U.S.	8 Ft.	16 Ft.	14 Ft.	16 Ft.
N.E.	6	12	7	19
N.Y.	6	10	6	21
M.A.	9	12	8	18
E.C.	9	13	12	12
CH'GO	6	15	15	15
W.C.	6	14	10	13
S.E.	9	19	19	13
S.W.	8	16	22	11
L.A.	13	21	12	24
R. PAC.	8	20	11	20

Chart 36

Profile of Cheese Sales*

(All Chains by Volume S - O 1978)

	Total Bimo. $ Sales 000's By Size	Share of Total Vol.	Avg. Proj. Linear Footage	$ Sales Per Ft. Per Mo.	Unit Sales Per Store Per Mo.	Avg. Units of Inv.	Avg. Monthly Gross Profit Per Ft.		
							25%	30%	35%
Under 8,000 Sq. Ft.	7,402	2	8	28	345	183	6.68	7.80	8.40
8-12,000 Sq. Ft.	78,367	18	69	124	4,788	2,736	31.05	33.98	43.75
12-16,000 Sq. Ft.	94,394	22	84	128	5,472	4,464	32.09	39.48	46.83
16-20,000 Sq. Ft.	88,703	19	101	158	18,999	5,874	38.28	46.56	53.80

Chart 37

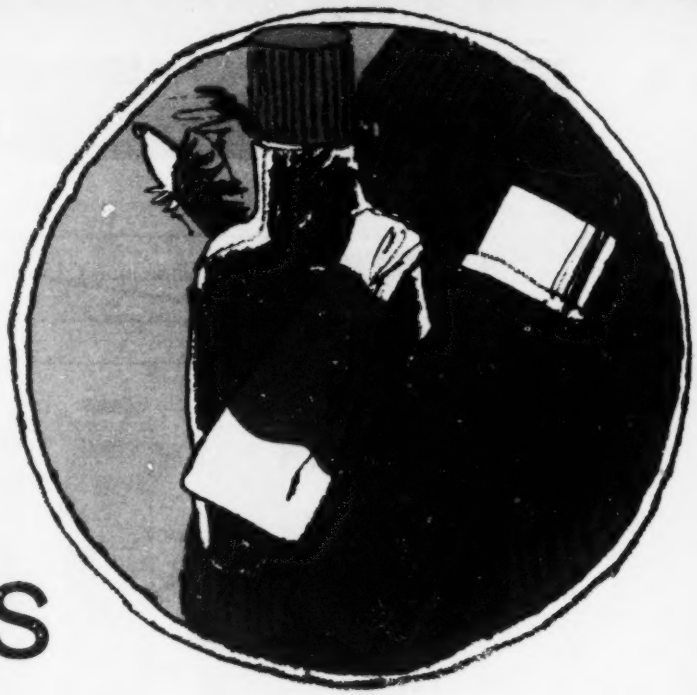
the only product class awarded less space in 1978 (minus one foot) than in '77. One foot reductions occurred in New York, Middle Atlantic, and the East and West Central areas.

A profile of cheese sales is provided on Chart 37 for all chain stores by size group.

The two size groups—12,000-16,000 and 16,000-20,000-sq.-ft. stores—account for close to half of all cheese sales. The highest dollar sales per foot were recorded by the largest stores, however, even though they allocated to cheese the largest amount of linear footage.

chapter 8

health and beauty aids



Mass Merchandisers Lead Again

Sales gains by mass merchandisers in 1978 topped those of drug and grocery chains for the second year in a row. Measured in units, the 12% increase by mass merchandisers was four times as large as that posted by drug stores and three times larger than that of grocery outlets (Chart 38).

Both drug and grocery outlets bettered their gains of last year by a point relative to unit sales and by two points on a dollar basis. The 12-point unit gain and the 19-point

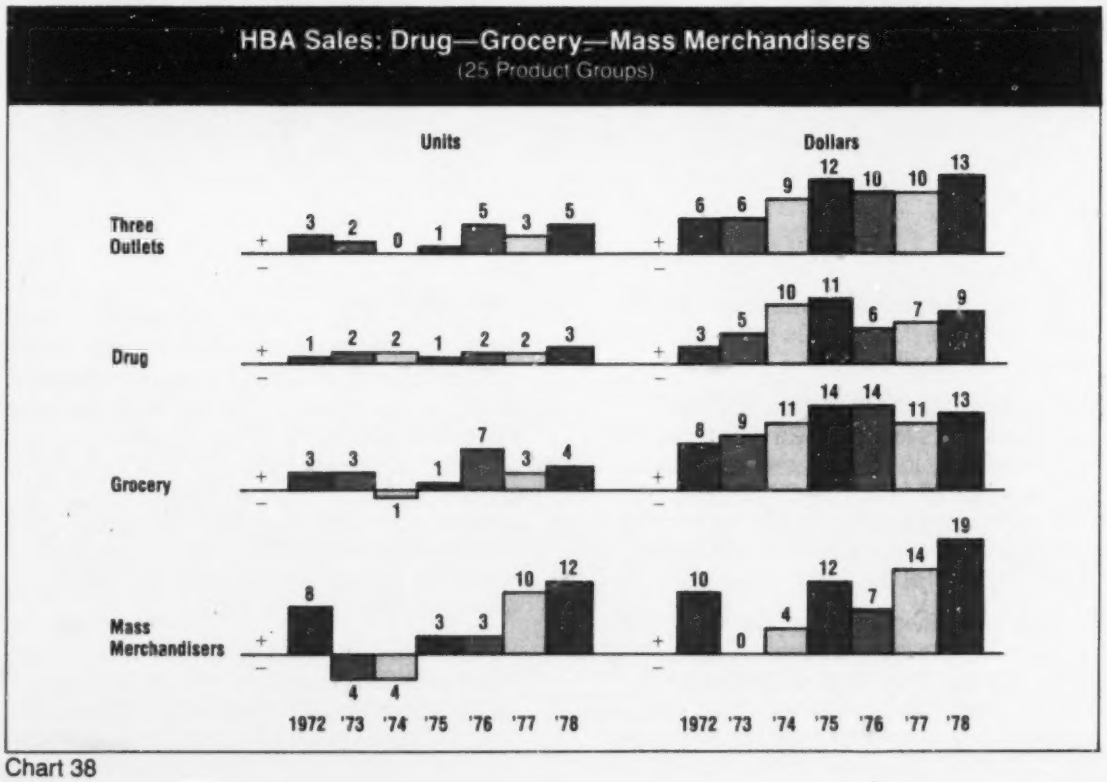


Chart 38

Division of HBA Dollar Sales: Drug—Grocery—Mass Merchandisers

(25 Product Groups)

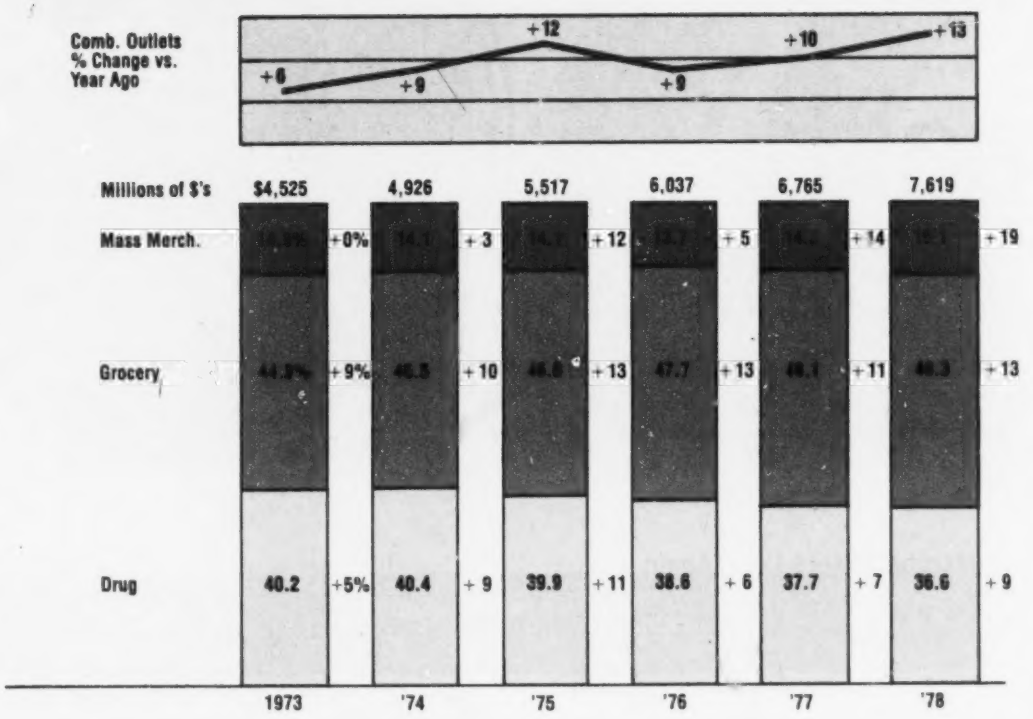


Chart 39

dollar advance by mass merchandisers were the highest increases recorded by any trade class since 1972.

As a result, the share of sales by mass merchandisers for these 25 major categories moved up to 15.1%—close to a point above their 1977 holding (Chart 39). Grocery outlets were up a fraction, and drug stores lost just over a point to a new low since 1973 of 36.6%.

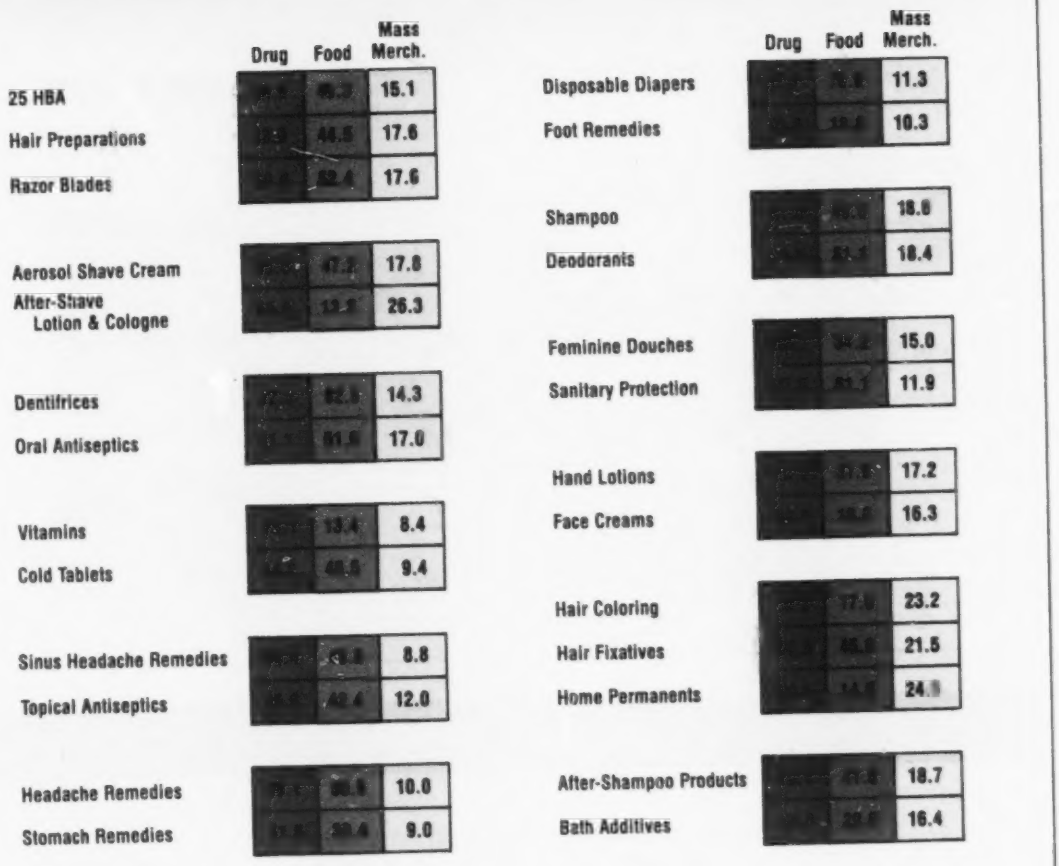
Viewed by individual class, the share losses by drug outlets were for the most part fractional in size. They were widespread, however, with declines noted in 24 product classes. The exception was home permanents, where there was no change from last year (Chart 40).

Retail inventories of HBA items in grocery outlets were up 1% in 1978 (vs. a year ago). the third consecutive year stocks have been increased. Quite the opposite trend is apparent in drug outlets (Chart 41). In fact, it is necessary to go back to 1973 to find an increase in drug store inventories. Mass merchandisers continued to build their inventories with an 8% increase in 1978 on top of an 11% climb in 1977.

For the latest two periods in 1979, however, it appeared that average inventories were being shaved in all three outlets. Mass merchandiser stocks were off 3% in May, following an increase of only 1% in March.

Division of HBA Sales By Outlet Type

(Dollar Basis)



* Based on 12 months ending November-December 1978

Chart 40

Inventories in grocery outlets posted declines of 1% in both periods, and drug stores continued to cut their stocks by an average of 3%.

Chart 42 offers a three-year record of shelf space allocations for 15 HBA product groups by trade class. In 10 of the 15 groups, grocery chains added a foot or two per product class. Only in women's hair spray has there been a cut in the footage allocation. In none of the 15 groups, however, does the space allocated in grocery stores approach that provided in mass merchandisers or drug chains, in spite of their share of importance in many of these product classes.

Retail Inventories—By Outlet Type

(Unit Basis)

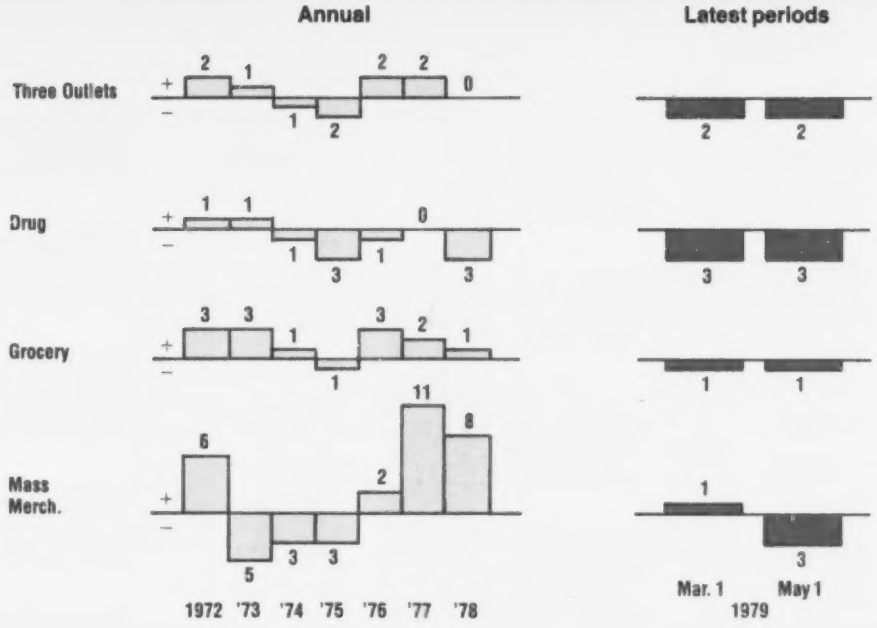


Chart 41

HBA Space Allocations

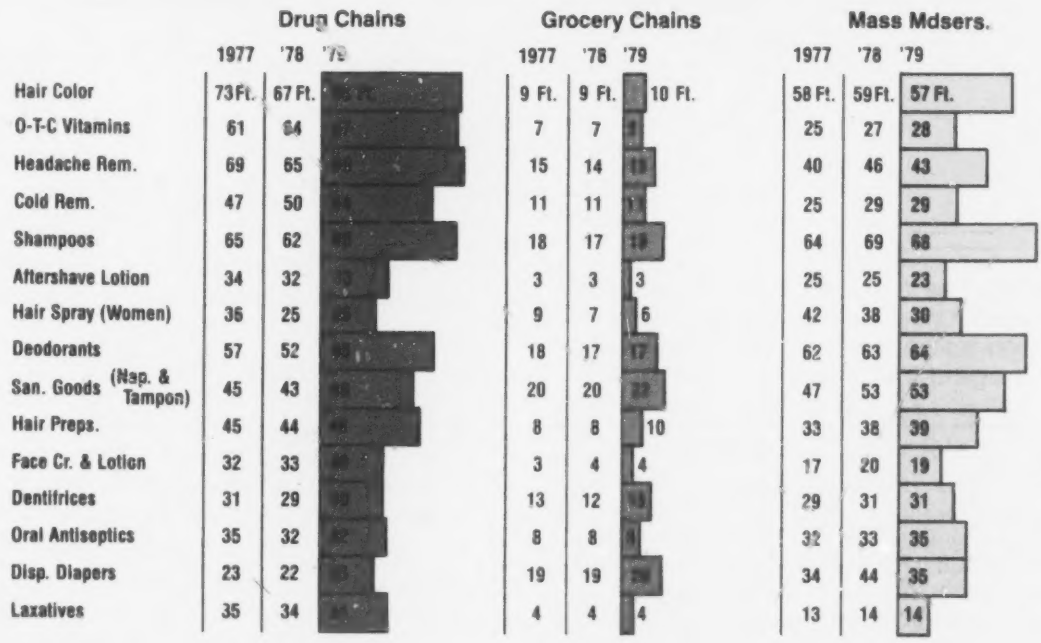
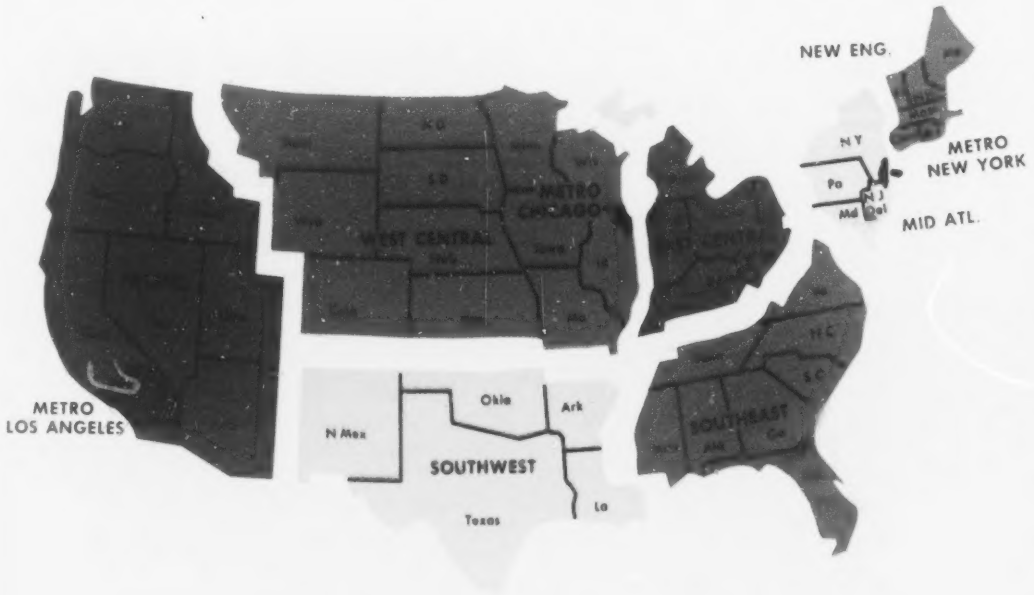

Drug Chains
Grocery Chains
Mass Mdsers.
1977 '78 '79
Hair Color 73 Ft. 67 Ft. 10 Ft. 58 Ft. 59 Ft. 57 Ft.
O-T-C Vitamins 61 64 7 7 25 27 28
Headache Rem. 69 65 15 14 40 46 43
Cold Rem. 47 50 11 11 25 29 29
Shampoos 65 62 18 17 64 69 68
Aftershave Lotion 34 32 3 3 25 25 23
Hair Spray (Women) 36 25 9 7 42 38 30
Deodorants 57 52 18 17 62 63 64
San. Goods (Nap. & Tampon) 45 43 20 20 47 53 53
Hair Preps. 45 44 8 8 33 38 39
Face Cr. & Lotion 32 33 3 4 17 20 19
Dentifrices 31 29 13 12 29 31 31
Oral Antiseptics 35 32 8 8 32 33 35
Disp. Diapers 23 22 19 19 34 44 35
Laxatives 35 34 4 4 13 14 14

Chart 42

Nielsen Territories



A Special Note to Cooperating Stores

As most of you know, the original and still primary purpose of the Nielsen Annual Food Review is to provide our cooperators with the latest information available on the state, progress, and trends of the retail grocery industry.

We wish to extend our cooperators a friendly invitation to call or write us in those cases where additional details on subjects herein would be helpful. If the material is available, we will be more than happy to supply you with it.

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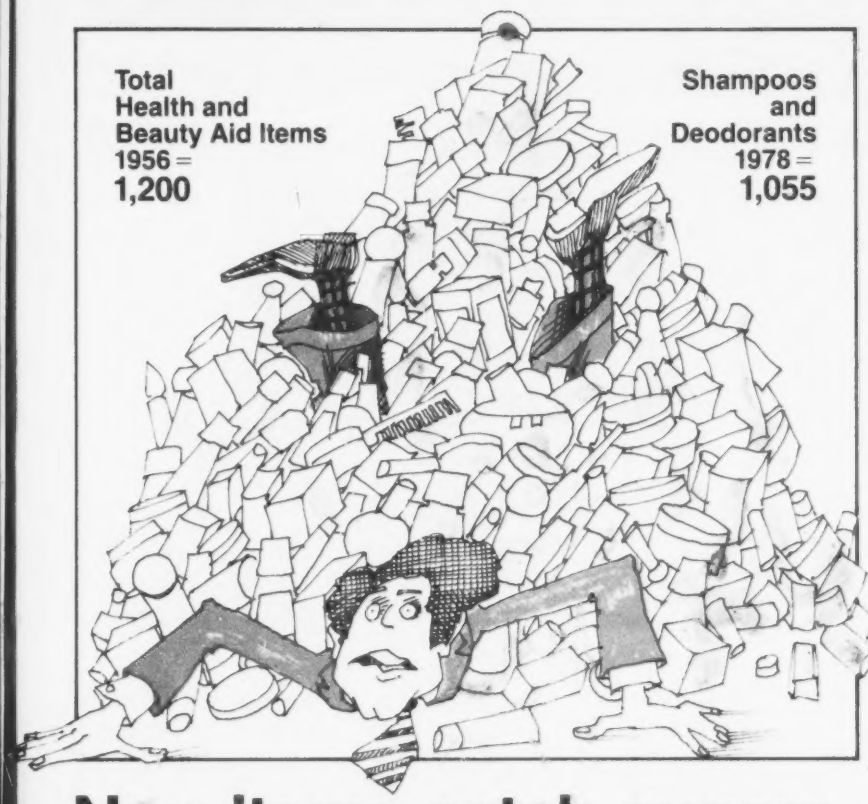


New items catch supers in a shelf squeeze

Inundated with 10 times the number of choices of only two decades ago, chains are being forced to cope

☐ Supermarketers are buried under an avalanche of health and beauty aids. Consider this statistic: In 1956, the total number of H&BA items on the market was 1,200. Today, there are over 1,000 shampoos and deodorants *alone* vying for supermarket shelf space.

It seems the major problem in the 1980's faced by food store H&BA merchandisers will be no different from that of the late 1970's—eking out footage for the ever-growing universe of products. Evaluating new items and movement on old items is an area merchandisers will have to develop into an exact science. It's a challenge supermarketers must meet if they are to become the shopper's one-stop shopping outlet for this high-tonnage category.

Chains slow to recognize the growing importance of H&BA will not be competitive in the 1980's. Towne-Oller Associates, the New York-based research firm, states that at least one of its 40 reporting retail companies does not stock 45 of the top 100 H&BA items. A limited selection like this would not attract the convenience-oriented 1980's consumer.

The industry is trying to make H&BA a manageable department. In the early 1970's, inventory stocked at warehouse grew from 62 items in 1974 to a high of 116 in 1977. In 1978, the number dropped to 111 as supermarket retailers gained sophistication in ridding shelves of stagnant products.

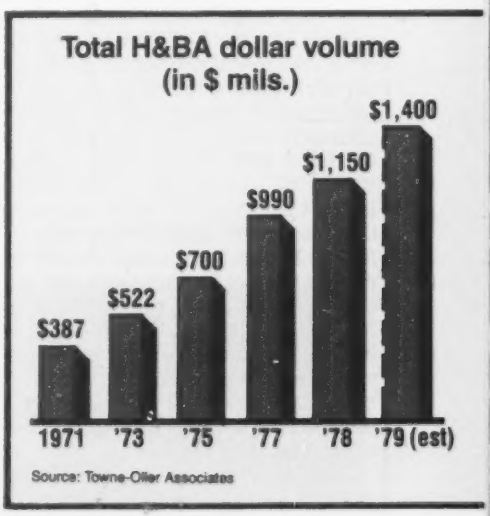
Towne-Oller's sample in 1978 shows a surge in sales—a 16.2% jump ahead of 1977—and forecasts an increase of 22% in 1979. As a matter of fact, H&BA food store sales are accelerating beyond expectations, with an 18% increase scored in the first quarter alone. Unit movement gained 7.7% in the first quarter of 1979 compared to 6% for all of 1978. Both gains in dollars and units represent the largest since the fourth quarter of 1976.

Inflation gap: But inflation has stolen from some of the gains. Towne-Oller statistics show the largest gap between dollar and unit increases since the first quarter of 1976. Towne-Oller president Michael J. Wallace attributes this gap to "inflation, the movement of consumers to larger sizes as well as the purchase of new products that have a higher retail."

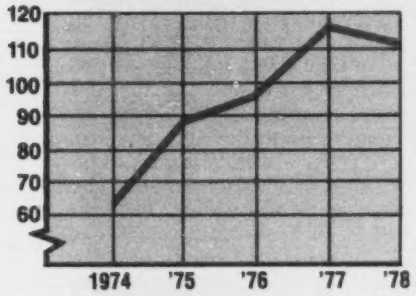
Still, these significant hikes in both units and dollars bode well for H&BA's in the 1980's. Says Wallace, "It is important to note with both Gross National Product and personal income showing a declining growth rate during the first quarter of this year that food store H&BA sales increased sharply. This department will probably continue to grow in importance regardless of economic trends."

New product high: Product proliferation was the name of the manufacturers' game in the 1970's. This will probably hold true in the 1980's. With the American slant toward "fads," manufacturers will creatively develop products to suit these winds of changing desires—much to the chagrin of retailers.

Further proof of the continuation



Number of items commonly stocked by all warehouses



Source: Towne-Oller Associates

of proliferation is in the charting of new products joining the top 1,000 H&BA's. Reaching a high in 1975, the number dropped substantially in 1976. But 1977 saw another outburst of new products. And in 1978, the numbers were even higher, approaching the 1975 level.

Excitement generated by new product promotions substantially activate sales in the H&BA segment. In 1973, new items (those less than five years old) contributed 18.3% to the top 1,000 H&BA items dollar volume. In 1978, this percentage was 18.4%.

Federal guidelines? With reports of cancer-causing agents in hair colorings, antihistamines and facial cosmetics, manufacturers are concerned, and rightly so, with the threat of more formalized Government regulation of the industry. The Cosmetic, Toiletry and Fragrance Association is trying to head off a confrontation between industry and Capitol Hill with its public information center and is urging members to test their own products to stay a step ahead of the regulators. But one industry official believes that this may be in vain and that the 1980's hold the promise of formal Federal guidelines requiring registration of formulations and establishing the safety of products before putting them out on supermarket shelves. This will cost manufacturers money and time that could be better spent on new product development, according to this H&BA executive.

The top 10 classes of H&BA changed little this year compared to

Top 10 categories: over 60% of total volume

Rank	Class	12-mo. $ vol. June 1978	% of total	12-mo. $ vol. June 1979	% of total	% change
1.	Shampoos	$ 105,835,656	10.04	$ 120,519,672	9.88	13.87
2.	Analgesics	89,454,519	8.49	109,731,579	9.00	22.67
3.	Dentifrices	90,773,330	8.61	103,602,309	8.50	14.13
4.	Deodorants	87,922,950	8.34	98,255,663	8.06	11.75
5.	Cold medicines	66,631,738	6.32	72,121,301	5.91	8.24
6.	Razor rack	50,841,092	4.82	59,182,526	4.85	16.41
7.	Mouthwashes	38,898,639	3.69	48,214,624	3.95	23.95
8.	Hair condition., rinses	36,067,009	3.42	43,418,534	3.56	20.38
9.	Menstrual tampons	31,580,635	3.00	37,796,951	3.10	19.68
10.	Antacids	32,551,915	3.09	37,415,072	3.07	14.94
11.	Hair sprays	32,140,541	3.05	35,032,693	2.87	9.00
12.	Cold tablets	31,994,918	3.04	34,845,531	2.86	8.91
13.	Baby care products	28,279,703	2.68	33,567,295	2.75	18.70
14.	Face preparations	29,709,095	2.82	33,529,246	2.75	12.86
15.	First aid products	22,195,775	2.11	26,093,312	2.14	17.56
16.	Vitamins and tonics	20,274,675	1.92	23,615,614	1.94	16.48
17.	Denture products	18,576,104	1.76	22,810,666	1.87	22.80
18.	Hand preparations	16,778,394	1.59	22,013,948	1.81	31.20
19.	Hair coloring products	16,424,700	1.56	18,279,987	1.50	11.30
20.	Shave preps-aerosol	14,681,555	1.39	17,343,150	1.42	18.13
21.	Laxatives	13,352,659	1.27	15,833,783	1.30	18.58
22.	Hair preparations-men	11,899,431	1.13	13,425,003	1.10	12.82
23.	Toothbrushes	11,582,604	1.10	13,191,343	1.08	13.89
24.	Disposable lighters	10,202,269	0.97	9,838,107	0.81	3.56
25.	Fem. hygiene products	7,418,318	0.70	9,318,864	0.76	25.62
26.	Sinus analgesics	7,085,332	0.67	8,213,248	0.67	15.92
27.	Suntan products	6,332,163	0.60	8,200,978	0.67	29.51
28.	Shave preparations-after	6,999,065	0.66	7,904,387	0.65	12.93
29.	Foot care products	6,644,447	0.63	7,657,140	0.63	15.24
30.	Disinfectants	6,691,217	0.63	6,824,003	0.56	1.98
31.	Nail care products	5,615,509	0.53	6,700,675	0.55	19.32
32.	Eye makeup products	5,850,892	0.56	6,654,441	0.55	13.73
33.	Eye medications	5,774,688	0.55	6,613,440	0.54	14.52
34.	First aid antiseptics	5,761,425	0.55	6,484,077	0.53	12.54
35.	Ethnic hair preparations	5,147,040	0.49	5,679,182	0.47	10.34
36.	Disposable towelettes	4,232,045	0.40	5,598,451	0.46	32.29
37.	Petroleum jellies	4,493,571	0.43	5,107,319	0.42	13.66
38.	Reducing aids	3,414,592	0.32	5,035,420	0.41	47.47
39.	Miscellaneous	3,750,868	0.36	4,928,408	0.40	31.39
40.	Baby feeding equipment	4,196,722	0.40	4,804,038	0.39	14.47
41.	Bath sundries	4,611,000	0.44	4,756,936	0.39	3.16
42.	Hemorrhoidal preps	3,709,645	0.35	4,374,226	0.36	17.91
43.	Lip medications	3,827,543	0.36	4,340,035	0.36	13.39
44.	Talcum powders	4,049,234	0.38	4,320,961	0.35	6.71
45.	Permanent wave kits	2,425,696	0.23	4,214,571	0.35	73.75
46.	Sleeping aids	3,951,585	0.37	4,170,144	0.34	5.53
47.	Lipsticks	3,589,588	0.34	3,621,658	0.30	0.89
48.	Dental floss & tape	2,307,578	0.22	2,891,747	0.24	25.32
49.	Artificial sweeteners	2,069,707	0.20	2,445,382	0.20	18.15
50.	Toothache, teething remed.	1,754,650	0.17	2,270,523	0.19	29.40
51.	Implements	1,907,551	0.18	2,258,221	0.19	18.38
52.	Stimulants	1,667,258	0.16	2,096,867	0.17	25.77
53.	Wavesetting gels & lotions	1,961,744	0.19	1,945,911	0.16	0.80
54.	Depilatories	1,542,631	0.15	1,844,149	0.15	19.55
55.	Asthmatic remedies	1,467,278	0.14	1,792,359	0.15	22.16
56.	Contact lens preps	1,736,674	0.16	1,784,655	0.15	2.76
57.	Diuretics	1,451,193	0.14	1,559,668	0.13	7.47
58.	Colognes	1,362,495	0.13	1,550,897	0.13	13.83
59.	Face powders	1,385,162	0.13	1,541,641	0.13	11.30
60.	Shave preparations-pre	1,341,863	0.13	1,500,007	0.12	11.79
61.	Feminine deodorants	1,454,419	0.14	1,455,921	0.12	0.10
62.	Mineral oils	1,349,661	0.13	1,321,101	0.11	2.11
63.	Breath fresheners	998,407	0.09	1,312,041	0.11	31.41
64.	Hair dressings-women	1,119,575	0.11	1,191,758	0.10	6.45
65.	Hair relaxers	738,792	0.07	878,528	0.07	18.91
66.	Contraceptives-female	555,726	0.05	873,171	0.07	57.12
67.	Suppositories	523,638	0.05	612,253	0.05	16.92
68.	Shave preps-tubes-cups	506,846	0.05	572,122	0.05	12.88
69.	Ear medications	274,022	0.03	282,235	0.02	3.00
70.	Sanitary belts & pants	359,051	0.03	267,097	0.02	25.60
71.	Gift sets-men	111,035	0.01	108,400	0.01	2.36
72.	Gift sets-women		0.00	821	0.00	0.00
	Total	**$1,054,169,047**		**$1,219,557,986**		**15.69**

Source: Towne-Oller Associates

last year. Shampoos led H&BA dollar volume in supermarkets, followed, in order, by analgesics, dentifrices, deodorants, cold medicines, razor rack, mouthwashes, hair conditioners, tampons and antacids. These 10 (of 72 Towne-Oller H&BA classifications) contribute almost 60% to all H&BA dollars.

Big will be in: Looking toward the 1980's, Towne-Oller figures reflect growing preference by consumers for larger sizes. Consumers are more conscious of price-value relationships, and unit pricing shows that larger sizes give more product per penny.

Chain Store Age's 1979 H&BA analysis focuses on the hottest "growth" categories in the department that can set the profits pace for the superstore of the 1980's. □

The source

This year's *Chain Store Age* health and beauty aids analysis is based on the latest 12-month warehouse withdrawals (ending June 30, 1979) provided by Towne-Oller and Associates Inc. in New York City. Statistics generated from the Towne-Oller sample represent one of the most accurate monitors of food store H&BA sales.

Included in the sample is information from companies representing 34,442 outlets across the nation. Towne-Oller panel members are direct buying food chains (44%), toiletry merchandisers (38%) and voluntary co-ops/wholesale grocers (18%) with annual volumes from $3 million to $1 billion. This represents close to 21% of food store H&BA sales.

Because Towne-Oller classifies convenience stores as food stores, the figures may differ slightly from those published in *CSA's* July Sales Manual, which tracks sales only in chain and independent supermarkets with annual volume of $1 million or more. With both the Sales Manual and this issue's study, supermarketers have an across-the-board reference source for H&BA retailing in the 1980's.

Hair care sales keep pace with inflation

□ The hair care market in 1978 showed an 11.1% increase in H&BA dollar share with hair conditioners and permanent wave kits leading the gains. But in 1979, there are even more dramatic increases and turnarounds in some categories.

At the end of the first quarter of 1979, the hair care market rose an astounding 20.5% compared to the first quarter of 1978. Permanent wave kits are riding a crest of popularity, racking up a 73.75% increase for the 12 months ended June 1979, according to Towne-Oller figures. Every other hair care category showed gains during the same time span. This is how it's shaping up for 1979 and gearing up for the 1980's:

Ethnic hair products: Dipping slightly in 1978, they've shown a sharp turnabout this year. In the first quarter alone, sales in this segment grew 23.9%. For the 12 months ended June 1979, it recorded a 10.34% jump. More and more firms are marketing ethnic hair care products to accompany the demands of this growing market, which represents a new retail opportunity in the 1980's. The success of the category is largely due to new formulations that have led to gentler, yet equally effective products.

Hair coloring products also made an about-face into the winners circle with an 11.3% increase for the year ended in June. The products' sales leveled off last year as the cancer scare gained publicity. But reformulation of products, and consumers' growing awareness of it, has led to a resurgence in sales.

How the hair care market looked in 1978*

(dollar basis)

	% Share	% Change vs. 1977 $ sales
Ethnic hair products	2.3	– 0.8
Hair coloring products	7.3	0.0
Hair conditioners and rinses	17.4	+17.9
Women's hair dressings	0.5	+ 2.0
Men's hair dressings	5.5	+ 6.9
Hair sprays	14.6	+ 3.9
Permanent wave kits	1.4	+42.3
Shampoos	50.0	+13.7
Wavesetting gels and lotions	0.9	– 2.1
Total hair care (% total H&BA's)	19.7	+11.1

Source: Towne-Oller Associates

Hair conditioners and rinses is tapped as a leading growth area with a 20.38% gain for 12 months ended June. The momentum for hair conditioners and rinses was created two years ago, and each year the category posts an even bigger gain. This category is the second biggest contributor to hair care dollars and is expected to grow into the 1980's and even the 1990's as new product developments change the texture of this segment.

Women's hair dressings gained 21.5% in the first quarter, although it is a relatively small part of the hair care market. For the year ended June, it showed a 6.45% gain. But the outlook for these products is steady, with modest growth predicted.

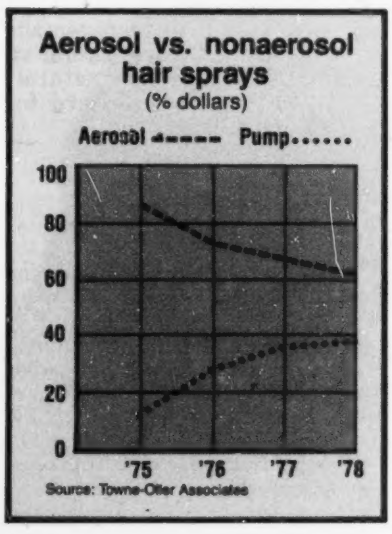
Men's hair preparations promises to be a boom category in the 1980's. In the first quarter alone, the segment grew 18.4% compared to 6.9% for all of 1978. At year-end June 1979, it showed a 12.82% increase. Men are becoming more aware of after-shampoo hair care as they learn about the damage caused by blow dryers.

Hair sprays also posted sharp gains—9%—for the 12 months ended June. Towne-Oller statistics show that pumps are steadily picking up popularity. That category now contributes 39% to hair spray sales, compared to only 14.8% in

1975. The total hair spray market is expected to continue growing through the 1980's, although not as dramatically as other hair care segments.

Shampoos, although gaining 18.3% in the first quarter, slipped a bit in contribution to total dollars at the same time. This could be due to the changing price point structure in other areas. But shampoos are indeed the biggest money-making category in the hair care segment.

In the 1970's, shampoo became a cosmetic rather than a mundane personal care product. With scents, conditioners, herbal ingredients and medications, shampoo became a highly personalized reflection of one's personality. But the market is saturated. The once-phenomenal growth rate is slowing down. However, the competitive nature of the segment, with the addition of price hikes, spells increased demand throughout the 1980's for virtually every flavor of shampoo. Since shampoo has become a cosmetic, it is also subject to the fickleness of fad shifts. The fad for the early 1980's appears to call for clear, fresh-scented products reminiscent of "natural" cleanliness.



Wavesetting gels and lotions, which checked in at a loss last year, picked up for a 5.9% increase in the first quarter. However, this increase basically reflects a price increase. For the 12 months ended June, it was off 0.8%. □

Nonaspirins revolutionize market

□ Analgesics is the second most important H&BA category in the food store with its $109 million in sales. Until 1975, changes in this market were not revolutionary. But then Americans were introduced to nonaspirin aspirins.

Nonaspirin products may account for as much as 30% of the analgesic market by year-end 1979, up from only 9.9% in 1975.

In other analgesics news, sinus products established themselves as a growth category in 1978 with a 20.1% gain. It looked about 20% better in March 1979 than it did in March 1978, and that trend is expected to gain momentum. For the 12 months ended June, the segment gained 15.92% in sales. □

Analgesics trends
(dollar basis)

	% Change			
	'75 vs. '74	'76 vs. '75	'77 vs. '76	'78 vs. '77
Nonaspirin	+71.3	+63.7	+69.0	+50.9
Total category	+ 9.3	+12.5	+12.7	+22.6

Source: Towne-Oller Associates

Mouthwashes brighten oral care sales

□ Oral care products continue to be hot, staple items on supermarket H&BA shelves. Dentifrices had a 12% better first quarter this year than last, establishing an upward trend and continuing to contribute the majority of dollars to this category. For the 12 months ended June, it showed a 14.13% gain.

Towne-Oller figures, however, bring to light other products showing substantial growth in 1979 and portending even greater increases in the 1980's.

Breath fresheners are becoming bigger H&BA oral care sellers, with a 31.41% increase for 12 months ended June and a 5.8% first-quarter 1979 jump. Popularity is due to consumers' image-consciousness.

Denture products racked up a 22.8% 12-month increase and a 30.6% first-quarter gain.

Dental floss and tapes were not popular products in the beginning of the 1970's. But new trends in dental technology have made these products an integral part of oral hygiene. Johnson's Dental Floss and related products lead in popularity, particularly the waxed floss. This segment of oral care showed a 25.32% increase for the 12 months ended June and a 30.3% jump for the first quarter of 1979.

Mouthwashes: Coming on strong are mouthwashes. This key oral hygiene and H&BA area is rapidly gaining. For the 12 months ended June, it managed a 23.95% increase, and it continues to gain momentum. For the first quarter of this year, the increase jumped to 26.9%.

This $48.5 million market is seeing new entries for the first time in a while. This excitement is generated by manufacturers battling to become the No. 1 maker of fluoride mouthwashes. Every current mouthwash manufacturer has introduced or plans to market an anti-cavity mouthwash—a new direction in dental hygiene. Some are even readying fluoride mouthwashes flavored to satisfy children's tastes. □

Sticks challenge the aerosols

☐ Aerosol vs. nonaerosol has been the talk of the deodorant market through the late 1970's. As retailers look toward the 1980's, they can bet on nonaerosols to continue to hold a strong position. As a matter of fact, at the end of 1978, nonaerosols grabbed a slightly higher market share than aerosols for the first time ever.

Whether this will continue well into the 1980's depends upon manufacturers' abilities to develop nonfluorocarbon aerosols and assure shoppers they are environmentally safe. If this becomes the case, aerosols can be expected to move back up into the No. 1 slot.

The big winners in the contest are deodorant sticks. Sales jumped 19.7% in 1978. But in the first quarter of 1979, the category zoomed in sales to gain 51.0%.

Overall, Towne-Oller shows that deodorant dollar volume picked up 4.0% in 1978 and 11.75% for 12 months ended June 1979. Price increases are only partially responsible for the gains in this $24 million market.

• **Pumps plummet:** The big loser in the deodorant market, interestingly enough, is the pump spray. The pump spray was going to be the answer to aerosol woes. Last year, its sales dropped more than 17%, and in the first part of this year it dropped another 32.8%. It is the only segment of the nonaerosol category racking up losses.

Sales of roll-ons picked up momentum in 1979 with a 28% increase in the first quarter.

Although nonaerosols show the big increases, the only type of aerosol deodorant losing sales is powder. Last year, it was off 8.1%. This year it is losing at a slower rate, dropping another 5.2% in sales in the first quarter. However, other aerosols are making modest dollar gains. ☐

How the deodorant market looked in 1978
(dollar basis)

	% Share	% Change vs. 1977 $ sales
Antiperspirant aerosols	32.3	+ 0.2
Deodorant aerosols	12.3	– 0.4
Powder aerosols	4.5	– 8.1
Aerosol subtotal	49.1	– 0.7
Roll-ons	30.0	+12.3
Sticks	11.7	+19.5
Creams	3.6	+ 1.8
Pump sprays	5.1	–17.1
Pads	0.3	– 4.7
Squeeze sprays	0.2	– 2.4
Nonaerosol subtotal	50.9	+ 9.0
Total deodorants (% total H&BA)	8.0	+ 4.0

Source: Towne-Oller

Natural vitamins outdraw synthetics

Vitamins & tonics trends
(dollar basis)

	% Change '75 vs. '74	'76 vs. '75	'77 vs. '76	'78 vs. '77
Ethical	+56.9	+51.8	+ 8.0	+30.5
Proprietary	– 2.5	+15.6	+11.6	+11.1
Total vitamins & tonics category	– 1.2	+17.2	+11.4	+12.4

Source: Towne-Oller Associates

☐ Vitamins and tonics are the 16th-ranked H&BA category in the supermarket, according to Towne-Oller research. Consumption increased 12.4% in 1978, to $23.6 million. This year's first quarter is 21.6% better than last year's, with the 12 months ended June showing a 16.48% improvement. Based on this surge, the 1980's look like the decade in which these products will reach their full sales potency.

Interestingly, ethical (prescription) vitamin products have steadily gained in sales for the past five years. These gains outpaced the increased costs of prescriptions. Proprietary (over-the-counter) vitamins, however, compose the lion's share of the market, holding at least 92% of sales. The share of OTC's has been fairly constant over the years, but first-quarter results this year show a rising blip on the market screen. Sales in this segment gained 20.4%.

With approximately one-third of Americans taking nutritional supplements, the future looks healthy for this business. As has been the case for the past two years, consumers prefer natural vitamins and will continue to prefer them into the next decade.

It is interesting to note that while the buying trend continues to natural types, the F.D.A. reports the body cannot differentiate between synthetic and natural vitamins. But the word "natural" seems to be the key word for H&BA in the 1980's. ☐

Stomachs ache for *the* cure

☐ More people are plop, plopping and fizz, fizzing as American stomachs try to cope with inflation, the energy crisis and life in general. Last year, upset stomach remedies showed an overall 11.8% dollar gain, with proprietaries picking up 12.2% on sales and ethicals up 11.1%.

For the first quarter of this year, increases were scored again in the category. Overall, Towne-Oller figures report a 21.1% gain, with ethicals garnering 21.2% and proprietaries 21.1%.

Antacids, the largest category contributor, posted a modest 14.94% gain for the 12 months ended June to make it a $37 million market in the grocery store. Laxatives moved 18.58% better for the same period, bringing it to a $16 million market. ☐

Sun products boost skin care sales

Photo by Harold M. Lambert

☐ Skin care looms as another important growth area. At year-end 1978, based on Towne-Oller product movement figures, the category showed a 17.2% jump in its share of H&BA dollars.

The whole category gained points in 1978. But some categories performed far beyond the call of duty.

Suntan products sales soared 230.0% for the first quarter of 1979 and registered a 29.51% rise in the 12 months ended June 1979.

The upward motion of suntan products is generated by (1) more supermarkets featuring a suncare line and (2) the currently volatile nature of the market.

Manufacturers are battling to establish "sunscreen" leadership. Introduction of these products in the past two years has heated up the competition front.

Sunscreens account for 29% of the suntan products market; Westwood Pharmaceutical's PreSun dominates with a 20+% share, followed by Johnson & Johnson's Sundown, which hiked its share from 15% to 17% in the past year.

The industry leader is still the Coppertone line. It has a 50% share today thanks to its entry into the sunscreen field. But its basic lotion still accounts for the bulk of sales.

Sea & Ski, which once ran alongside Coppertone for tanning leadership, finds its share slipping. As a result, retailers are dropping facings to accomodate new lines like Piz Buin, Eclipse and Bain de Soleil's Ultra-Block. Hawaiian Tropic is another line achieving success with its sunscreen items.

Most of these products, and all other suntan items next year, feature a numbered guide to the sunscreen strength of the products.

Other skin care hot numbers: Baby oils picked up 19.8% better sales in the first quarter. Hand creams saw an 11.4% hike in 1978 and a 13.0% gain in the first quarter of 1979 alone. Specialty soaps scored a 20.8% gain at the end of 1978 and picked up another 23.6% in the first quarter. Hand lotions, stimulated by the introductions of new flavors of established lines like Vaseline's "Intensive Care," picked up 18.9% in 1978 and scored even higher with a 39.5% increase in the first quarter of this year.

Acne preparations have also been a solid contributor to skin care sales. In 1978, this category turned in a stellar performance with an 18.6% increase. The velocity continued this year with a 35.5% gain scored in the first quarter alone.

Benzoyl peroxide contributes over 30% to this H&BA category's sales as products carrying this effective medication take over the market. The only negative note was reflected in gels sales, which dropped 68.0% between March 1978 and March 1979. ☐

How the skin care market looked in 1978*

(dollar basis)

	% Share	% Change vs. 1977 $ sales
Ethnic skin products	1.5	+ 5.0
Face creams	19.6	+11.1
Face lotions	9.1	+21.9
Acne preparations	19.0	+18.6
Hand lotions	30.9	+18.9
Hand creams	1.2	+11.4
Baby lotions	5.4	+ 9.2
Specialty soaps	1.7	+20.9
Suntan products	11.6	+23.1
Total skin care (% total H&BA)	5.0	+17.2

Source: Towne-Oller Associates

Disposables are here to stay

☐ In a fast moving society where little is permanent, disposable items fit right in. That's why they're one of the most booming categories in H&BA.

For the year ended March 1979, disposable douches posted a 40.3% gain, with a 55.1% first-quarter increase alone. Towelettes scored a 32.29% increase for the 12 months ended June and a 32.1% in the first quarter.

Shaving market: But the most exciting segment of the disposables market is razors. The Bic Shaver and Gillete's Good News have been running neck and neck.

Estimated unit share of the shaving market gives disposables 20%, with 25% projected by the end of this year—phenomenal growth for a category born in 1975.

Estimated market share figures give the Bic Shaver 8% of all shaving units sold, Good News, 8%, Flicker, 2% and others, 2%.

Bic, in the disposable pen business for several generations, understands the attraction disposable products hold for consumers of the 1980's and is trying to make the disposable shaver as necessary as the disposable pen.

Gillette, on the other hand, has a name that's synonymous with shaving. This helped the company establish Good News with a minimum of effort. But Bic is serious about its venture and is advertising to consumers as well as helping retailers create floor displays. Bic is also offering a planogram program to retailers who need help in merchandising front-end pegboards.

With the success of disposable shavers, other manufacturers have plans to jump on the bandwagon. Consumer response to Good News and Bic Shaver proves the importance of packaging and convenience to the 1980's shopper. □

Cosmetics add to food store image

□ Cosmetics have been a boon to any food store with the space to merchandise them in the 1970's. In the 1980's, the category will mature as a food store staple. Part of this maturation will come from manufacturers' creation of full lines for the supermarket. Companies like Maybelline, Hanes (L'Erin) and Miller-Morton (Quencher) have specially designed displays and lines that give food stores a cosmetic-selling image.

Overall, the cosmetics category increased 17.6% in the first quarter of this year compared to the first quarter last year. Among the major contributors to 1979 cosmetic sales are nail care products, with a 19.32% gain for the 12 months ended June.

Eye makeup was right in there with a whopping 25.8% gain in the first quarter and a 13.73% gain for the 12 months ended June. This year, eye makeup accounts for over $6 million in grocery store sales, according to Towne-Oller.

Mascara removers posted a full

VICKS HEALTH CARE DIVISION
Richardson-Merrell Inc.

ANNOUNCEMENT TO RETAILERS

Advertising Allowances Available On:

VICKS® VAPORUB® Decongestant Vaporizing Ointment
VICKS® NYQUIL® Nighttime Colds Medicine
VICKS® DAYCARE® Daytime Colds Medicine
VICKS® SINEX™ Regular Nasal Spray
VICKS® SINEX™ Long-Acting Nasal Spray
VICKS® Cough Syrup
VICKS® FORMULA 44® Effective Strength Cough Mixture
VICKS® FORMULA 44-D® Cough Mixture Decongestant

For performance during the following period:
October 1, 1979 – November 30, 1979

For details, contact your Wholesaler, or write:

VICKS HEALTH CARE DIVISION
Richardson-Merrell Inc.
Ten Westport Road
Wilton, CT 06897

VICKS TOILETRY PRODUCTS DIVISION
Richardson-Merrell Inc.

ANNOUNCEMENT TO RETAILERS

Advertising Allowance Available On:

OIL OF OLAY® Beauty Lotion
OLAY® Vitalizing Cream

For performance during the following period:
September 29, 1979 – November 22, 1979

For details, contact your Wholesaler, or write:

VICKS TOILETRY PRODUCTS DIVISION
Richardson-Merrell Inc.
Ten Westport Road
Wilton, CT 06897

FINANCIAL NEWS

Boomlet ends as prices dip

		PRICE							EARNINGS/SHARE					P/E	FINANCIAL POSITION					
		From 08/17/79-09/10/79								Latest 12 Months vs Preceding 12 Months Change								(Last Fiscal Year) Per Share		
					Change		52 Week		Last Fiscal Year			5 Year Annual Growth Rate	Profit Margin	P/E Ratio Today	(Last Fiscal Year) In $Millions		Current Ratio			Last Bal Sheet Date
Name	Symbol	High	Low	Close	Amt	Pct	High	Low		Amt	Pct				Revenue	Earnings		Long Term Debt	Stock Equity	
		$	$	$	$	%	$	$	$	$	%	%	%	—	$	$	—	$	$	—
Albertsons Inc	ABS	44 50	42 13	42 50	13	29	46 00	31 00	4 76	1 29 S	32 1	28 0	1 6	8 0	2269 0	36 4	1 4	28 0	20	0179
Alterman Fds	ALF	24 50	23 63	24 50	50	2 08	24 50	12 00	3 04	93 Q	39 4	30 0	1 0	7 4	436 0	4 2	1 6	16 3	26	0479
Applebm Fd Mkt	APPL	15 75	15 00	15 00	00	00	15 00	4 75	1 66	49 F	41 8	39 0	1 4	9 0	128 0	1 4	1 5	3 7	8	0478
Arden Group Inc	ARDN	5 38	4 75	4 75	-50	-9 52	5 38	2 00	07	09 S	75 0	NE	2	22 6	448 8	8	1 2	8 6	7	1278
Bayless Markets	BAYM	12 25	10 00	11 75	1 50	14 63	12 75	8 88	2 19	62 S	32 8	7 0	1 0	4 7	260 1	2 6	1 7	1 4	20	1278
Big V Supmkt	BIV	10 00	8 88	8 88	-88	-8 97	10 25	6 06	1 66	75 S	67 5	38 0	1 4	4 8	295 1	4 2	1 4	5 0	7	1278
Bormans Inc	BRF	6 13	5 38	5 63	-25	-4 25	9 88	4 75	1 27	85 S	-163 4	16 0	5	4 1	783 9	3 7	1 2	10 3	11	0179
Brunos Inc	BRNO	14 25	13 63	13 63	-50	-3 53	15 25	8 25	1 51	42 F	38 5	35 0	1 7	9 0	309 4	4 6	1 6	4 3	5	0678
Circle K Corp	CKP	21 50	20 25	20 88	-13	-59	21 50	13 00	2 12	68 Q	39 0	26 0	2 4	8 6	438 6	10 7	1 8	11 8	10	0479
Cullum Companies	CULL	20 00	18 50	18 50	-44	-2 31	20 81	16 44	3 38	92 F	37 3	85 0	1 2	5 5	639 1	6 6	1 5	17 9	15	0678
Dillon Cos	DLL	23 00	21 00	21 38	-1 63	-7 06	23 84	18 34	1 39	-33 F	-19 1	12 0	1 9	15 4	1465 3	28 4	1 2	1 2	9	0678
Fisher Foods	FHR	10 13	9 13	9 63	-13	-1 28	15 50	7 88	1 43	-1 23 S	-121 7	-32 0	7	NE	1451 7	9 8	1 5	19 9	14	1278
Food Town A	FDTN	26 00	24 25	25 00	-25	-99	25 50	9 81	1 12	50 S	57 4	40 0	3 2	18 2	298 3	9 5	1 4	1 2	4	1279
Foodarama	FSM	7 00	6 25	6 25	-75	-10 71	8 25	5 88	1 59	-32 S	-17 2	4 0	6	4 1	376 1	2 2	1 5	2 6	16	1078
Giant Food A	GFSA	19 25	18 00	18 50	-50	-2 63	19 25	12 44	3 40	91 S	32 5	21 0	1 6	5 0	1080 8	17 0	1 5	18 2	20	0279
Grt A & P Tea	GAP	10 25	9 13	9 25	38	-3 89	10 38	5 00	-2 10	-1 05 Q	205 8	NE	-7	NE	7469 7	-52 2	1 4	14 0	16	0279
Hannaford Bros	HRD	12 50	12 25	12 25	00	00	15 63	12 00	2 78	-04 S	-1 5	11 0	1 0	4 9	377 5	3 6	1 8	28 4	18	1278
Jewel Co	JWL	26 63	24 13	24 13	-1 88	-7 21	27 00	19 00	3 59	1 37 Q	56 6	6 0	1 2	6 4	3516 4	41 1	1 4	24 1	31	0179
King Kullen Groc	KKUL	18 00	14 50	16 00	-50	-3 03	17 25	11 00	2 85	35 S	11 6	9 0	7	4 8	281 0	2 0	1 5	0	32	0978
Kroger	KR	24 63	23 38	24 50	50	2 08	25 50	15 56	3 11	1 29 S	53 7	23 0	1 1	6 6	7828 1	84 6	1 4	12 1	20	1278
Lucky Stores	LKS	17 75	16 50	17 25	50	2 98	17 75	13 63	1 64	33 S	22 0	16 0	1 7	9 4	4658 4	80 4	1 5	6 4	7	0179
Marsh Supmkts	MARS	5 63	5 13	5 13	-50	-8 88	7 25	5 00	1 11	-23 Q	-19 3	24 0	9	5 3	392 0	3 6	1 4	10 1	7	0379
Meyer Fred	MEYR	30 25	27 13	28 00	38	1 35	30 72	22 81	3 05	20 S	7 1	21 0	2 3	9 3	927 1	20 9	1 5	15 9	21	1278
Motts Super	MSM	10 00	9 38	9 38	-13	-1 31	11 03	6 38	1 95	60 S	42 8	27 0	1 3	4 7	211 2	2 8	1 6	3	10	1278
Munford Inc	MFD	10 13	8 75	9 25	-75	-7 50	14 75	5 25	17	76 S	-146 1	-26 0	3	38 5	260 0	7	1 4	28 3	11	1278
Natl Conv Str	NCF	12 88	12 13	12 50	25	2 04	14 25	8 00	1 28	43 N	41 7	31 0	1 9	8 6	263 7	5 0	1 3	1 7	6	0678
Natl Tea Co	NTY	5 13	4 75	5 00	25	5 26	5 25	3 63	73	11 S	16 9	70 0	8	6 6	918 6	7 3	1 2	5 8	6	1278
Nlag Fron Svc	NFS	26 50	25 00	26 13	63	2 45	31 25	17 63	3 63	38 N	10 6	19 0	2 0	6 6	397 9	7 9	1 6	4 5	18	0678
Pneumo Corp	PNC	26 75	24 00	26 50	2 00	8 16	28 63	17 00	2 23	-07 S	-2 7	4 0	1 1	10 6	627 0	6 6	2 4	17 7	24	1178
Pueblo Intl	PII	5 38	4 25	4 38	-88	-16 66	6 13	3 50	86	-16 Q	-15 3	58 0	1 4	5 0	296 2	4 0	1 3	8 1	7	0179
Safeway Stores	SA	41 25	38 50	39 25	-38	-94	44 63	34 38	5 60	1 12 S	25 2	10 0	1 2	7 1	12550 6	146 1	1 2	33 7	36	1278
Seaway Food Town	SEWY	11 00	9 75	10 25	75	7 89	10 25	8 16	2 05	1 15 N	66 4	22 0	1 2	3 6	285 2	3 3	1 5	12 1	13	0978
Shopwell Inc	SH	5 63	5 25	5 25	-38	-6 66	7 00	3 13	46	26 S	72 2	33 0	3	8 5	271 6	7	1 5	12 0	11	1278
Southland Corp	SLC	31 88	29 00	29 13	-2 63	-8 26	32 00	25 00	2 74	61 S	25 7	19 0	1 9	9 8	3076 5	57 1	1 5	23 4	19	1278
Star Supermkts	STR	13 88	13 38	13 50	-50	-3 57	14 00	8 69	2 51	1 29 S	75 8	12 0	1 1	4 5	228 3	2 4	1 4	5 2	18	1278
Stop & Shop	SHP	19 88	17 88	18 50	-1 13	-5 73	20 38	14 63	4 00	1 33 Q	46 1	9 0	9	4 4	1762 1	16 0	1 6	44 6	29	0179
Sunshine-Jr	SJS	8 63	8 00	8 13	-25	-2 98	8 63	5 38	1 19	34 S	30 6	7 0	1 7	5 6	93 6	1 6	2 3	0	9	1278
Super Fd Svc	SFS	13 00	12 63	12 63	-38	-2 88	17 63	12 63	1 97	37 N	19 7	14 0	4	5 6	667 6	2 4	1 7	9 9	14	0878
Supermkts Gen	SGL	19 25	17 38	18 50	-13	-67	19 25	10 88	1 98	87 S	58 0	44 0	9	7 8	2061 9	17 9	1 3	23 5	13	0179
Thorofare Mkts	TMI	4 63	4 25	4 38	00	00	5 13	2 38	34	10 N	34 4	NE	2	11 2	200 9	4	1 9	4	10	0778
Thriftmart A	TFTA	27 63	24 88	25 00	-1 25	-4 76	27 63	14 50	4 86	1 09 Q	27 4	26 0	1 2	4 9	334 2	3 2	1 8	1 6	41	0378
Victory Markets	VMKT	3 88	3 50	3 50	-13	-3 44	4 13	2 63	74	09 S	14 7	12 0	5	5 0	228 6	1 1	1 2	8 0	8	1278
Waldbaum Inc	WALD	14 50	12 50	13 50	1 00	8 00	14 31	8 50	2 85	96 Q	50 7	12 0	7	4 7	941 5	7 0	1 4	20 0	23	1278
Weingarten J Inc	WEIN	9 63	8 25	8 25	-75	-8 33	9 63	4 88	-1 63	1 25 N	-90 5	-28 0	-7	NE	500 3	-3 7	1 5	9 1	12	0678
Weis Markets	WMK	27 25	25 25	27 25	1 75	6 86	27 25	22 38	2 71	47 S	18 5	17 0	4 7	9 1	518 0	24 6	3 5	0	15	1278
Winn-Dixie A	WIN	32 13	30 00	30 38	-1 88	-5 81	33 75	25 50	3 33	37 F	12 5	14 0	1 9	9 1	4444 3	84 0	2 1	3 7	17	0678

All information in this table is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered in future editions.

(KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings)

Q—First quarter S—Six months F—Fiscal year N—Nine months

**—Other than a quarterly multiple resulting from a fiscal year change*

Table prepared by Media General Financial Services, Richmond, Va. 23261

Boardroom analysis

Supermarket stock prices responded to Government pressure on the industry by trending lower, snapping a string of three straight months of rising share prices. The dip may also be something of a market correction, since many issues had been trading at or near 12-month highs.

During the August 17-September 10 period, there were more than twice as many gainers as losers on the list of 46 supermarket stocks monitored for *Chain Store Age* by Media General Financial Services. A total of 30 issues declined, 13 advanced and three marked time.

Conspicuous among the gainers was a trio of well-known regional chains. Successfully bucking the overall trend were A. J. Bayless (+14.63%), Waldbaum (+8.00%) and Weis Markets (+6.86%). Most of the major operations recorded either marginal gains (Albertsons, Kroger, Lucky) or small losses (A&P, Jewel, Safeway).

FINANCIAL NEWS

Chain Financial Scoreboard

Operation	Period	Date	Sales	% Inc./ Dec.	Net Income	% Inc./ Dec.	Net-to-sales ratio
Convenient	Year	5/27	$ 229,644,000	+39	$ 1,523,097	+ 33	0.66
Malone & Hyde	Year	6/30	1,615,838,000	+17	21,267,000	+ 19	1.32
Bruno's	Year	7/7	385,600,000	+25	6,655,000	+ 46	1.73
Bayless	6 mos.	6/16	142,893,000	+25	1,433,000	+ 36	1.00
Fisher	6 mos.	6/16	633,657,000	−14	(6,436,000)	—	—
Scot Lad	6 mos.	6/30	813,300,000	+ 2	5,085,000	+128	0.63
Super Valu	3 mos.	6/16	1,007,249,000	+15	12,146,000	+ 35	1.21
Grand Union	3 mos.	7/21	937,385,000	+79	9,021,000	+170	0.96
Alterman	3 mos.	7/29	100,562,386	+19	1,124,071	+ 45	0.93

Figures in parentheses denote loss

Source: *Chain Store Age*

Sales earnings rise at Alterman Foods

Alterman Foods, the supermarket chain that will shortly be acquired by Delhaize Le Lion, generated sharply higher sales and earnings for the first quarter of its new fiscal year ended July 28, 1979.

Sales increased 18.6% to $120,562,386, while net income rose even faster, up 44.6% to $1,124,071.

Although Alterman and Delhaize are still working on a definitive agreement, officials of the Atlanta, Ga., chain are confident that matters can be concluded within the next few months.

Bayless records strong second quarter

Real tonnage increases translated into higher sales and profits for A. J. Bayless, Phoenix, Ariz.-based supermarket chain.

For the 24 weeks ended June 16, 1979, Bayless showed a 24.1% increase in total sales and a 36.5% jump in net income. First-half sales were $142,893,000,

A.J. Bayless "Your Home Town Grocer"

compared to $115,142,000 for the comparable period of the previous fiscal year. Net earnings advanced from $1,050,000 to $1,433,000 over the same interval.

Bayless opened a new store in Tucson during the second quarter and also put a unit into operation in Yuma to replace one gutted by fire. Start-up on a third supermarket was delayed by inclement weather, and it started business shortly after the end of the half.

Store closings place Fisher Foods in red

Establishment of a closed facilities reserve of $8,177,000 translated into a $6.4 million aftertax loss for Fisher Foods for the six-month period ended June 16, 1979. Sales for the first half declined 14% to $633,657,000, reflecting the sell-off of the Bedford Heights, Ohio, chain's stores on the West Coast to Albertsons.

Chairman Carl Fazio reports that second-quarter results were adversely affected by heavy start-up costs and operating losses resulting from the conversion of 12 conventional supermarkets to "no frills" warehouse stores in Ohio following 10 similar conversions during the first quarter.

Food Fair posts big 40-week loss

Red ink continues to flow at Food Fair Inc., which is still in reorganization under Chapter XI. For the 40-week period ended May 5, 1979, the chain incurred a net loss of $117 million on sales of $793 million from continuing operations.

A spokesman for the chain, which has closed its stores in the North and is preparing to relocate its headquarters in Florida, broke down the loss this way:

- $16 million from continuing operations.
- $59 million from closed supermarkets and support facilities.
- $42 million from the discontinued J. M. Fields department store division.

The 40-week loss, which includes certain nonrecurring adjustments and the retroactive capitalization, resulted in a negative net worth of $68 million for the embattled operation.

Convenient notches sixth record year

It was "business as usual" for Convenient Industries of America during the fiscal year ended May 27, 1979, meaning record sales and earnings for the sixth straight year. The Louisville, Ky., operator and franchisor of convenience stores continues to exhibit the dynamic growth it has maintained through most of this decade.

Sales rose 39% to $229,644,000 during the most recent 12-month period. Profit growth lagged only slightly behind this torrid pace, up 33% to $1,523,097.

The company, which operates 316 convenience stores in 14 states, plans major expansion in fiscal 1980. The company has already acquired 25 stores, and plans call for the construction of at least that many new units.